Australia votes

Time for change or a pause for breath?

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Perfumes

L'Oreal aims for jackpot with Giò

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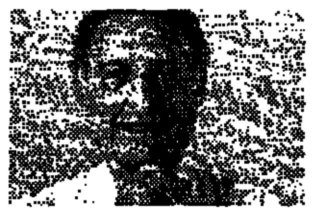

Sanford Weill

Back to the future with Shearson

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Software at work

Why prices are still too high in Europe

24-page section

FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY MARCH 11 1993 — D8523A

Japanese plants in UK blamed for Ford jobs threat

Japanese motor companies with plants in Britain were partly blamed by Mr Ian McAllister, Ford UK's chairman and managing director, for his company's threat to make compulsory redundancies. His strong attack, in written evidence to the House of Commons employment committee, coincided with a vote by Ford's white-collar staff to authorise a strike if compulsory redundancies go ahead. Page 9

US offer on drug prices: US pharmaceutical manufacturers are to ask the Justice Department for an exemption from prosecution under US antitrust laws so that they can discuss ways of controlling drug prices. The drug industry has come under attack in recent weeks both from Congress and from the Clinton administration. Page 16

Swiss parliament elects woman minister

Ruth Dreifuss (left), a trade unionist, was elected to the Swiss cabinet, ending a row which threatened the ruling coalition. But the move left simmering a national debate on sexism in government. Her victory followed rejection last week of Ms Christiane Brunner. Page 4

Mitterrand accused: President François Mitterrand came under a barrage of opposition criticism for using the civil and diplomatic service to find jobs for Socialists facing defeat in this month's parliamentary election. Page 16

Maastricht threat: The UK government is braced for further setbacks in its attempt to push ahead with ratification of the Maastricht treaty, a cabinet minister conceded. The opposition Labour party believes it could win five further amendments. None of the amendments would actually halt British ratification but would serve to undermine government authority. Page 16

Asset sale boosts SBC: Swiss Bank Corporation (SBC), Switzerland's second largest banking group, avoided a sharp decline in profits last year thanks to an extraordinary SFr255m ($165m) net gain on asset sales. The extraordinary gain came almost entirely from the sale last May of the bank's 97.7 per cent stake in an Austrian electric utility. Page 17

Moslem militants killed: Egyptian security forces shot dead 14 Moslem militants during nine simultaneous raids on houses in Cairo and a mosque in the southern tourist town of Aswan, the interior ministry said. Four policemen died.

Procordia profits rise: Procordia, the Swedish pharmaceutical and food group, lifted profits after financial items by 31 per cent to SKr4.86bn ($637m) in 1992, following strong contributions from its Kabi Pharmacia and United Brands units. Page 18

Japanese upset: The Japanese semiconductor industry has protested strongly against recent criticism from the US over Japan's expected failure to fulfil a bilateral agreement on the foreign market share of the Japanese semiconductor market. Page 6

Vickers loss doubles: Vickers, the UK engineering group, fell to a pre-tax loss of £25.9m last year, double the loss of the previous year, under the impact of a further steep fall in sales of its Rolls-Royce and Bentley luxury cars. Page 18; Lex, Page 16

World Trade Centre bomb arrest: A second suspect, Nidal Ayyad, a chemical engineer from New Jersey, was arrested on charges stemming from last month's World Trade Centre bombing in New York in which five people died. This follows the earlier arrest of Mohammed Salameh, 25.

London explosives find: Scotland Yard said several hundred pounds of home-made explosives had been found in a London garage last week. The find is believed to have averted a terrorist attack.

Czech plant go-ahead: Czechoslovakia is to complete a Soviet-designed nuclear plant at Temelin, south of Prague. The decision is expected to mean a $345m contract for Westinghouse Electric of the US, the first time western technology will be used to modify Soviet designs.

Bob Crosby dies: Swing-era bandleader Bob Crosby, younger brother of singer Bing Crosby, died of cancer, aged 80.

■ STOCK MARKET INDICES		
FT-SE 100:	2956.7	(+6.8)
Yield	4.08	
FT-SE Eurotrack 100	1167.52	(+3.26)
FT-A All-Share	1438.12	(+0.2%)
Nikkei	17,858.63	(−10.33)
New York: lunchtime		
Dow Jones Ind Ave	3454.83	(−17.29)
S&P Composite	453.22	(−1.18)
■ US LUNCHTIME RATES		
Federal Funds:	$2\frac{15}{16}$%	
3-mo Treas Bills: Yld	3.024%	
Long Bond	$104\frac{25}{32}$	
Yield	6.749%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{15}{16}$%	(same)
Liffe long gilt future:	Mar $106\frac{7}{32}$	(Mar $105\frac{15}{32}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Apr)	$19.0	(19.12)
■ Gold		
New York Comex (Apr)	$326.8	(327.2)
London	$326.65	(326.45)

■ STERLING		
New York lunchtime:		
$	1.43315	
London:		
$	1.4325	(1.435)
DM	2.385	(2.3925)
FFr	8.095	(8.115)
SFr	2.1975	(2.215)
Y	169.9	(168.5)
£ Index	77.2	(77.3)
■ DOLLAR		
New York lunchtime:		
DM	1.66435	
FFr	5.6545	
SFr	1.537	
Y	118.155	
London:		
DM	1.6645	(1.6675)
FFr	5.66	(5.655)
SFr	1.5345	(1.543)
Y	118.0	(117.35)
$ Index	66.7	(same)
Tokyo close Y 117.99		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00		
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10		
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira25	Spain	Pta200		
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15		
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20		
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00		
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50		
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	Turkey	L7000	UAE	Dh11.00

London Stock Exchange board asked to abandon settlement system

UK may scrap shares computer

By Richard Waters

THE BOARD of the London Stock Exchange will today be asked to abandon a computer project which has already cost the City as much as £400m ($570m) and which is widely seen as central to the future competitiveness of London's financial markets.

Mr Peter Rawlins, the exchange's chief executive, will tell the board that the paperless settlement system, Taurus, is technically too complex to complete without further heavy spending, and should be adandoned.

The system, first proposed in the early 1980s, was intended to automate the transfer of share ownership, replacing the current paper-based system which is centred around share certificates and transfer forms.

A decision to scrap Taurus would put the London market further behind other financial centres, most of which have been investing heavily to develop their own settlement arrangements in recent years.

It would also cause a severe trauma throughout the London securities industry, which has invested heavily in the project. The exchange has already spent £75m itself on the project, with estimates of spending by others in the securities industry put at up to £350m – though much of this may relate to technical developments that would have taken place without Taurus.

The proposal to end the project may also provoke questions over the future of Mr Rawlins, who has been chief executive since 1990. Although the Taurus project was begun before his appointment, its viability has been reviewed on several occasions since. The decision now to call for its abandonment comes two

■ London stock exchange takes Taurus by the horns Page 17

■ Lex Page 16

months after some parts of the system entered full-scale testing.

Mr Rawlins' decision to call a halt to the project has been prompted by the scale of the technical difficulties which have dogged the system. Early problems experienced in developing parts of the exchange's own central system have been followed by new diffficulties experienced in testing. Just two months ago, the exchange put back the planned launch of the project from the second half of 1993 until the first half of 1994 at the earliest.

The exchange refused to confirm the plan to adandon the project yesterday. It would only say: "We have had an urgent review of the project to date, and the results will be discussed at the board meeting tomorrow".

News that the exchange may scrap the project provoked anger and concern in some parts of the City yesterday. "I don't think they should scrap it," said Mr Scott Dobie, a senior executive at NatWest Markets. "We as an industry just can't afford to take that step. The credibility loss would be enormous."

"If Taurus as we know it is to be cancelled, there well be a hell of a credibility problem in developing a replacement," said Mr John Lamb, assistant general manager at National Westminster in charge of share registration and custody.

Others, though, said the Stock Exchange had little choice but to abandon the project, or face further costs which could equal those already incurred.

The head of operations at one large securities house said: "What we've done to date is binnable. If you make a mistake, you have to be prepared to pull the plug."

A number of board members met chairman Mr Andrew Hugh Smith individually yesterday to be told of the Exchange's plan, and are to decide today whether to approve it.

Problems that have dogged the project include the legal uncertainty that surrounded the status of electronic registration; the complexity of linking a number of independent databases into an effective network; and the difficulties of ensuring security for a system that controls the ownership of shares.

Most of the difficulties experienced so far have been overcome, but further problems are believed to have emerged since full-scale testing began.

Amato wins support from Italian Senate

By Robert Graham in Rome

ITALY'S embattled prime minister Mr Giuliano Amato won the backing yesterday of the four partners in the fragile coalition government after a turbulent parliamentary debate on his moves to find a political solution to the corruption scandals.

Scuffles broke out during the debate when an opposition senator threw handfuls of false banknotes – bearing the effigies of some of the main figures involved in the corruption scandal – into the Senate chamber.

A later vote of confidence appeared to defuse some of the political tension that has built up since the dramatic events of last weekend when President Oscar Luigi Scalfaro refused to sign a decree. This would have allowed most of those implicated in the corruption scandals to get off with administrative sanctions.

But Mr Amato's weariness from battling to keep alive his eight-month old coalition showed yesterday, when he revealed he would quit politics once he stepped down from the premiership. "The end of this experience as prime minister – come as it may within days, a month or whenever – will also be the end of my political career," he said.

Mr Amato also castigated the hypocrisy of those clamouring for him to resign. "How can one go on when one gets private entreaties to stay and public calls to go?" he asked.

In an impassioned speech, frequently interrupted by the opposition, he also spoke bitterly against those who had encouraged a political solution to the corruption scandals but had withdrawn to the sidelines once the proposals proved unpopular with the public and the judiciary.

Officials move in to separate fighting Italian senators amid angry scenes during prime minister Giuliano Amato's speech to the senate

The government now has to reframe legislation to enable the judiciary to deal more quickly with the increasing load of investigations and prosecutions of corruption scandals.

But Mr Amato yesterday said his government's top priority was to ensure that parliament agreed quickly on a new set of electoral laws. Ms Nilde Iotti, the former leader of the chamber of deputies and a member of the opposition Party of the Democratic Left, was yesterday appointed head of the joint parliamentary commission on constitutional reform.

In his Senate speech, Mr Amato denied the government's proposals had amounted to an amnesty for the corruptors and corrupted. But he conceded it had been a mistake to frame the proposals in

Continued on Page 16

Milan election, Page 3

Palestinians reject plea to reopen Mideast peace talks

By Roger Matthews, Middle East Editor, in London

THE Palestinians yesterday refused to accept an invitation by the US and Russia, co-sponsors of the Middle East peace process, to attend negotiations in Washington on April 20.

Israel immediately accepted the invitation, while Jordan, Syria and Lebanon are likely to delay a response until after a meeting of foreign ministers in Damascus later this month.

Mrs Hanan Ashrawi, spokeswoman for the Palestinian delegation, said in Jerusalem that the invitation had been returned to the American consulate. "We refused to accept it", she said.

Despite this, Mr Warren Christopher, US secretary of state, remained confident that all the delegations would be in Washington on April 20.

Mr Christopher added that he had decided to move ahead with separate multilateral regional Middle East talks beginning with a meeting on water issues in Geneva on April 22.

The Palestinians based their rejection on Israel's refusal to comply fully with UN Security Council Resolution 799 calling for the return of the nearly 400 men deported from the occupied territories to southern Lebanon in December. While softening its insistence that all the deportees should be returned home before peace negotiations could resume, the Palestinians are demanding a public assurance from Israel that there will be no more mass deportations.

Mr Faisal Husseini, the senior Palestinian in the occupied territories, stressed in London that the principle of deportations was the issue that had to be resolved. Once Israel agreed, procedures for returning the Palestinians in south Lebanon could be discussed, he said.

Britain yesterday gave its backing to the Palestinian stance on deportations. Mr Douglas Hogg, a minister at the Foreign Office, told parliament: "It is essential that the Israeli government should make it plain that they do not intend to resort in the future to the policy of deportation." He added that the Israel should also "look urgently at other ways in which they can lift the weight of the occupation" of Gaza and the West Bank.

Mr Hogg will deliver this message directly to Israel today when he meets Mr Yossi Beilin, the deputy foreign minister. Mr Beilin is expected to repeat his government's objection to Britain's resumption this week of ministerial contacts with the Palestine Liberation Organisation.

Egyptian crackdown, Page 7

Yeltsin's role under attack in Congress

By John Lloyd in Moscow

THE Russian Congress of Peoples' Deputies yesterday agreed a draft resolution, to be debated today, which would confine President Boris Yeltsin to a largely ceremonial office.

Mr Yeltsin, who sat through the noisy emergency session of the congress, was prevented from speaking. But he told reporters as he left he intended to speak today, and would again demand a referendum on the division of powers.

Mr Ruslan Khasbulatov, the parliamentary speaker, set the tone of the Congress in an opening address which deplored the continuing efforts to push through radical reforms in the absence of any sign of economic revival. He accused Mr Yeltsin's government of "artificial and cynical moves to destabilise the situation and even involve the army and the interior and security forces in politics".

The climax of a day of bitter debate was the production of two contradictory draft resolutions, one produced by the leadership of the Congress, the other by the president. The first, approved by the Congress's drafting commission late yesterday, says that the parliament should "draft proposals on giving the president the status of a head of state".

The ambiguous phrasing appears to mean that he would be a figurehead president on the German model, deprived of the right to choose a government or issue decrees. At the same time, the parliament must "decide in more detail the powers of the Council of Ministers as a body of executive power" – an apparent invitation to parliament to control the government.

The referendum on the division of powers, agreed to by the Seventh Congress in December, would be cancelled and any future such referendum made impossible. Articles of the constitution frozen in December – including one under which the president could be forced to resign by the parliament if he performed "unconstitutional acts" – would be reinstated.

This resolution was drawn up

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IMF backs reformers, Page 2

UK supports G7 aid, Page 2

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IMF tries to shore up Russian reformers

Renewed efforts under way to agree debt deal

By John Lloyd in Moscow

THE International Monetary Fund is stepping up efforts to get an agreement with the Russian government in an attempt to show support for the embattled economic reformers, according to Mr Alexander Shokhin, deputy prime minister in charge of foreign economic relations.

Mr Shokhin is also more hopeful of an agreement with western creditors on repayments of the outstanding $80bn (£56bn) of former Soviet debt. He said this would mean Russia would pay between $2.5bn and $6bn this year. In total Russia should pay back $40bn to Paris Club of creditor countries in 1993.

Mr Shokhin said that Mr Michel Camdessus, the IMF managing director, had said in talks last week in Washington that he would like an agreement to be signed by April.

"Of course, before such an agreement we must put in place strict financial controls. The proposed agreement put to the Congress of People's Deputies by the president is mainly about allowing the government freedom to realise its economic policies. If they do not agree, we will try to find another way out, but of course it will be more difficult," he said.

The chances of the Congress agreeing to allow the government to pursue economic reform are remote. The smaller Supreme Soviet has already rejected the proposal.

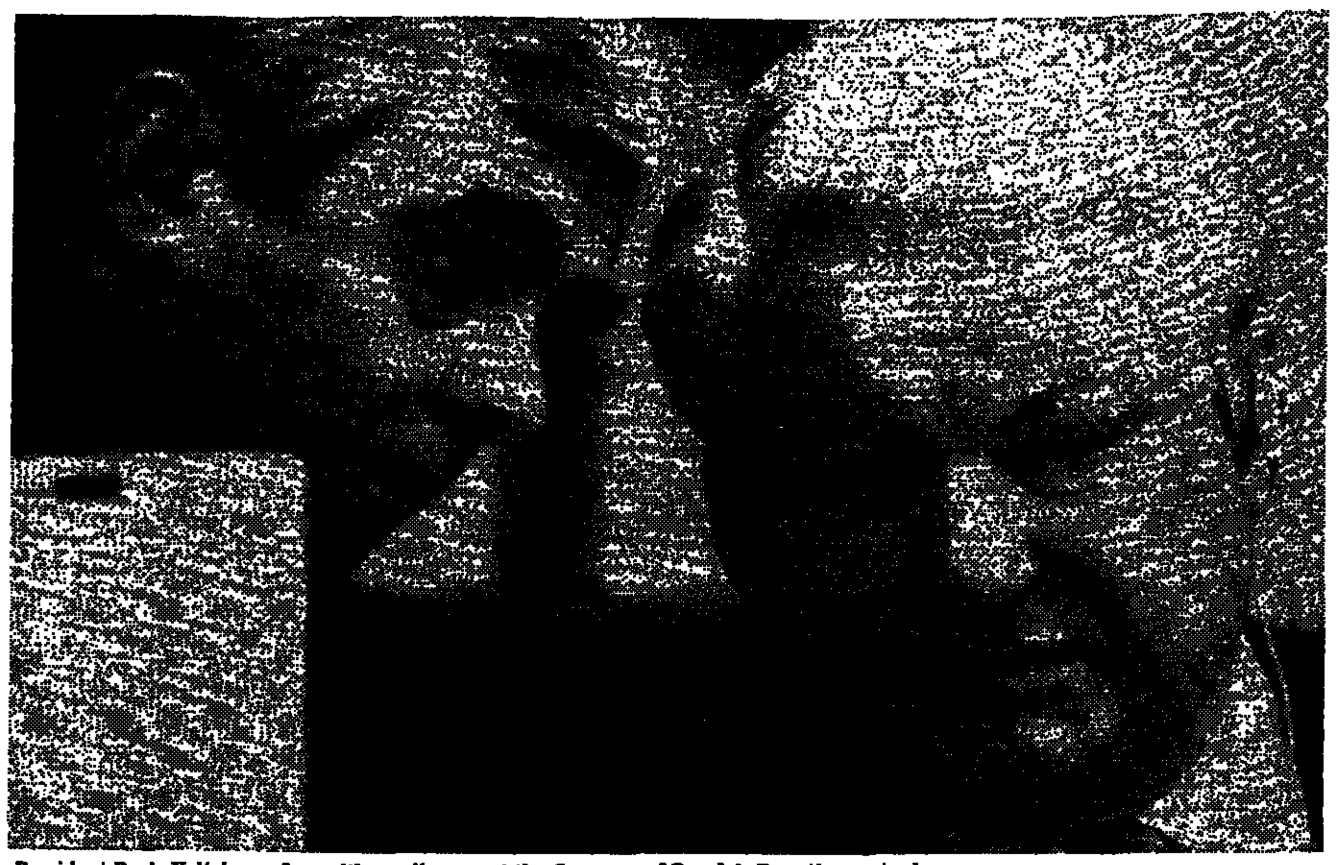
The IMF has already broadly approved a revised plan drawn up by Mr Boris Fyodorov, the deputy premier in charge of the economy and finance, which would rein back credits and select those industrial sectors which would be supported.

After more than a year's work with the Russian government, the Fund is extremely conscious of the difficulties the Russian government has in finding enough political support in the country for harsh economic measures.

Mr Camdessus, who has given a high priority to the Russian reform, is also anxious to safeguard the IMF's role in the former Soviet states.

There has been growing feeling among G7 states that prime responsibility for economic assistance to Russia should be given to a committee drawn from the G7, which would judge the injection of aid on political rather than strictly economic grounds.

Members of the G7, most notably France, Germany and the US, have begun to show growing concern about developments in Russia. President Bill Clinton has called for a G7 meeting to deal with aid to Russia as soon as possible and is due to meet President Yeltsin in Vancouver on April 4.



President Boris Yeltsin confers with a colleague at the Congress of People's Deputies yesterday

Mr Shokhin also believes that a debt deal with Ukraine is imminent. He believes the Ukrainian government is ready to agree to a division of the former Soviet debt after months of haggling over the terms.

A meeting of the heads of the governments of the Commonwealth of Independent States is set for tomorrow in Moscow. Mr Leonid Kuchma, the Ukrainian premier, is expected to try to conclude an agreement with Mr Shokhin on how the debt – and the foreign property of the former Soviet Union – is to be shared between the two Slav states.

Mr Shokhin said that an agreement with the IMF would be "very important" in finally reaching a debt agreement with the Paris Club. The club usually requires this before it defers debt repayments.

"Debt restructuring is now the most important part of western aid to Russia. If we get agreement on it, grain and other credit lines could again be open to us."

UK wants G7 to aid Moscow

By Alison Smith

BRITAIN yesterday stepped up the pressure for an early meeting of officials from the seven leading industrialised countries to see what help the Group of Seven nations can give Russia in its efforts to implement economic reform.

After his meeting with President Mitterrand of France on Tuesday, President Clinton said G7 should "mobilise" to offer help in Russia's economic reforms.

British officials are in contact with their counterparts to try to arrange a meeting of senior officials or of ministers well before the G7 summit in Tokyo in July.

They believe that a meeting at that level is preferable to one involving heads of government, where the outcome might be presentational rather than real.

The fresh British efforts follow Prime Minister John Major's meeting with President Clinton last month, at which the two leaders agreed that G7 should become more actively engaged.

British officials said that the worry about Russia, and in particular about the position of President Yeltsin, was reflected in the fact that it featured so high up the agenda when time for discussion was so limited.

Germany 'needs pact to stave off deeper recession'

By Quentin Peel in Bonn

URGENT agreement on the planned solidarity pact to finance the future cost of German unification is needed in the coming days, to prevent a worsening of the economic recession, Mr Günter Rexrodt, the German economy minister, urged yesterday.

In spite of continuing deep differences between the German government and opposition, and between the central government and the 16 federal states, on ways of financing the cost of unification, he expressed confidence that a deal on the pact was close.

In an interview with the Financial Times, Mr Rexrodt said that such an agreement would be a "great breakthrough", amounting to a major reform of public finances, and a long-term guarantee of the cash transfers needed to finance economic recovery in east Germany.

Speaking on the eve of a two-day closed-doors conference between Chancellor Helmut Kohl and the 16 premiers of the federal states, as well as the leaders of the main parliamentary parties, Mr Rexrodt said he believed the political conditions were right for a deal.

"People have started to say they don't care about the details, whether it means a 13 pfennig increase in petrol tax, or an 18 pfennig increase. They have had enough talking, and they want a solution. That makes me hopeful," he said.

Speaking in the German Bundestag earlier, Mr Rexrodt said international financial markets were expecting an agreement, and it was essential to avoid a further slide into recession.

Mr Theo Waigel, the finance minister and principal architect of the government's package of social spending cuts and cancelled tax breaks intended to finance increased spending in the east, rejected calls from the opposition Social Democrats for an early tax rise.

He insisted that the federal government and the 16 states must share the burden of financing unification, rather than switch almost the entire burden onto the central exchequer.

Mr Hans-Ulrich Klose, leader of the SPD in the parliament, restated the demand of the opposition that a solidarity surcharge on income tax should be reintroduced in July to meet the financing gap, and flatly rejected any move to cut social spending.

Kohl's idea of solidarity may decide the future of federalism

The only point of agreement between the Bonn government and the opposition is that a deal must be done, writes **Quentin Peel**

THE figures are huge, and they never seem quite to add up. The debate is tempestuous, but above all confused. The positions seem thoroughly entrenched, and the differences between the negotiators enormous.

The only thing that everyone seems to agree on is that a deal must be done, and urgently. The stage is thus set for today's opening of a two-day, or possibly three-day closed-door conference between Chancellor Helmut Kohl and the 16 prime minister's of Germany's federal states.

The negotiators hope to reach agreement on a "solidarity pact" for east Germany: a deal between the federal government, the 16 Länder, the opposition Social Democrats, and – somewhere hovering in the wings – the business community and the trade unions, on future financing of the soaring cost of German unification.

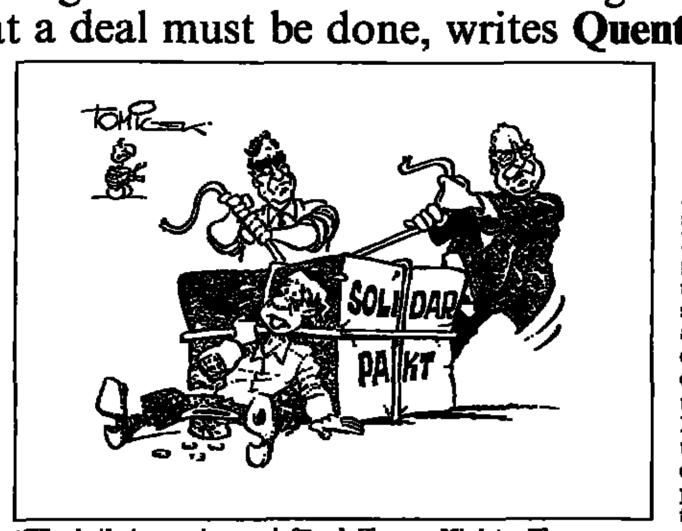
Many notable politicians believe it will decide the future of federalism in Germany.

A clear outcome will counter the growing mood of gloom in the German economy. However, failure to reach agreement will compound the sense of political drift which is reinforcing the current recession.

The reason the issue is so complex is that it seeks not only to finance the huge cash transfers needed (around DM150bn (£63.5bn) a year from west to east) to revive the collapsed east German economy, but also to integrate the eastern states into the overall system which shares out tax revenues between central, state and local government in the west.

The debate is therefore not simply about how much cash the eastern Länder need, but far more about who will pay for it.

It is a question of the Bund (central government), the Länder or, most probably, the taxpayer.



"Who is that groaning again?" ask Finance Minister Theo Waigel and Chancellor Kohl as they tie up the solidarity pact package at the expense of Mr Ordinary German in this cartoon from Germany's business newspaper Handelsblatt

Can cash for the east be provided by savings in the west, by raising taxes, or by borrowing? And who will take the blame?

At the heart of the negotiations will be the so-called Länderfinanzausgleich: the financing "equalisation" system which divides up tax revenues and underpins the basic federal relationship between the central government and the powerful Länder.

They do not have any power to raise taxes, depending on the central government to do it for them.

The equalisation system first allocates tax revenues between Bonn and the Länder, and then divides them again to ensure that the poorest areas of the country do not lose out to the richest.

The main tax where the division is reasonably flexible is value added tax, currently shared 63 per cent for the Bund, and 37 per cent for the Länder.

The question is who gets what in future.

The system has creaked along ever since the foundation of the Federal Republic, transferring cash from wealthy states like Bavaria, Baden-Württemberg and Hesse, to the poorer states like the Saarland, Bremen and Schleswig-Holstein.

The trouble is that the advent of the five new states has brought not only a vastly increased financial requirement, without a healthy tax base, but also five much poorer regions into the system.

So the poorest western states look like suddenly losing a big slice of their previous income, and having to pay more in direct transfers to the east as well.

Mr Theo Waigel, the finance minister, has come up with a tax-and-savings package to bridge the DM110bn financing gap identified for 1995.

He wants DM60bn to transfer directly to the Länder in the east to run their budgets; DM40bn to service an estimated DM400bn in debts inherited from the old East Germany and the Treuhand privatisation agency; and DM10bn to finance continuing industrial restructuring to pay off housing debts and to maintain subsidies for the poorest states in the west – the city of Bremen and the Saarland.

Mr Waigel has agreed to pay the full DM40bn debt service from federal funds. As for the rest, he wants the western states to finance some DM32bn, while the central government would shoulder the balance – estimated at some DM38bn. His plan will almost certainly be unpicked over the coming days. It has caused consternation among the Länder: the easterners say DM60bn is not enough to keep them going, and the westerners say they cannot afford to pay anything like DM32bn as their contribution.

In spite of their differences, the Länder have agreed on a strategy: to get Mr Waigel (the central government) to pay the lion's share. Instead of getting just 37 per cent of VAT receipts, the states want 45 per cent, an increase of some DM20bn. Then the eastern states can have the whole increase, they say.

They will agree to a modest package of spending cuts, while the government will have to raise taxes to bridge the remaining gap. If they cannot agree on adequate savings, then the public sector deficit may have to increase a bit further, the states propose.

It all sounds painful for taxpayers who would be asked to cough up a new "solidarity surcharge" in the coming months, and for Mr Kohl and Mr Waigel, who have promised no tax increase before 1995.

Yet if Mr Kohl wants a deal, it may be close to what he will have to accept: a willingness for the central government to take on most of the DM110bn burden, and raise income taxes, if not this year, then in 1994. He can always blame the Länder, and the opposition Social Democrats, when it comes to the next elections at the end of the year.

For at the end of the day, he knows that an inadequate solidarity pact will be better than no pact at all.

Fresh steel talks offer some hope for other sectors

By Judy Dempsey in Berlin

IG Metall, Germany's big engineering union, and Arbeitgeberverband Stahl, the steel employers association, will tomorrow start a fourth round of arbitration talks for east Germany's steel sector. The outcome will be watched closely by the union's members in the metal and electrical sectors.

The talks follow a decision by IG Metall's national advisory council to proceed with strikes in the metal and electrical sectors in eastern Germany after Gesamtmetall, the employers association, broke a contract which would have led to parity between east and west German wages by 1994.

Under the terms of that agreement, signed in March 1991, east Germany's metal and electrical sector would have received a 26 per cent pay increase on April 1. That would have brought their incomes up to 82 per cent of levels in the west.

Even though the steel arbitration talks concern largely the same demands, Mr Michael Böhm, IG Metall's spokesman in Berlin, said the outcome of the discussions could allow a way out for both the employers and the union's metal and electrical sectors.

IG Metall is demanding a 20 per cent rise for east German steel workers, an increase which would bring incomes in the sector up to 80 per cent of western levels, even though productivity is at least 70 per cent lower in the east.

"We are not asking for a shorter week, or longer holidays. We are asking for a 20 per cent increase in wages. We are still talking. That is the important thing," Mr Böhm said.

Another union official said an offer at the steel talks of an investment package might prompt fresh negotiations between Gesamtmetall and the metal and electrical employees. Mr Dieter Kirchner, Gesamtmetall's chairman, was in Berlin earlier this week where he raised the possibility of discussions to break the deadlock with IG Metall.

Both employers associations want a 9 per cent pay increase in east Germany. In a recent poll, Gesamtmetall claimed, three quarters of canvassed workers said they would accept this increase if it meant the survival of their enterprises.

● Steelworkers marched on North Rhine-Westphalia's state legislature yesterday to protest against the planned closure of a Krupp steel mill in the heart of Germany's Ruhr industrial region, Reuter reports from Düsseldorf.

Rail interests' merger derailed

By Christopher Parkes in Frankfurt

THE GERMAN cartel office has derailed a plan for two of Germany's biggest engineering groups to merge their railway businesses in a joint venture.

Siemens and AEG, the Daimler-Benz subsidiary, will now discuss "partial collaboration" and make new proposals aimed at overcoming the competition authorities' objections, Siemens Verkehrstechnik said yesterday.

The would-be partners had not been surprised by the decision, the company added. It was too soon to be specific, but one fruitful area could be closer co-operation in manufacturing high-speed train rolling stock.

The Berlin-based cartel office rejected the merger plan on the grounds that the new company would dominate the domestic market.

The companies first asked the office if it had any basic objections to co-operation in late November, and followed up a month later with its joint-venture proposal.

AEG sells around DM1.6bn (£670m) of locomotives and rolling stock a year. The Siemens business, which also includes stakes in the rail divisions of Krupp and Krauss Maffei, has around DM2.7bn annual turnover.

Both businesses are profitable and are expected to benefit greatly from the long-term project to merge west and east German railway networks while at the same time upgrading the whole of the former GDR system.

At present the federal railway authorities buy almost exclusively from domestic suppliers. However, the German rail engineering industry leaders were keen to form a single company, the better to compete in international markets with groups such as GEC-Alsthom and ABB.

Siemens, which pulled together its rail interests into a new rail technology division only three years ago, already has several international co-operation agreements, including one with Ansaldo in Italy.

● Bosch-Siemens, the kitchen appliances company, has taken over the small appliances division of Gorenje, the Slovenian white goods maker.

Small appliances account for around 10 per cent of the German group's DM7bn annual sales, and for 7 per cent of Gorenje's DM1bn turnover.

The price was not disclosed, although Bosch-Siemens said it planned to invest DM35m in its new acquisition over the next few years.

Bosnian Moslems split on peace map

By Robert Mauthner, Diplomatic Editor

THE Moslem-led Bosnian leadership yesterday remained divided over whether to support the Vance-Owen peace plan dividing Bosnia into 10 semi-autonomous provinces.

President Alija Izetbegovic, who was due to fly back to New York at the end of this week to give his government's reply to the mediators, Mr Cyrus Vance and Lord Owen, is now expected to delay his return until next week.

In the meantime, Mr Vance and Lord Owen are to have talks in Paris today with Mr Slobodan Milosevic, the Serbian president, in an attempt to persuade him to put pressure on the Bosnian Serbs to accept their peace plan.

Bosnia's ambassador to the United Nations, Mr Muhamed Sacirbey, said there were certain points in the plan on which the Moslems could not make further concessions.

The ambassador indicated that, at a meeting of the collective Bosnian leadership in Sarajevo yesterday, there was a feeling that ethnicity remained the predominant criterion of the peace plan.

"I think the president is convinced that he cannot sell this plan without some critical, but not necessarily major, changes," Mr Sacirbey said.

He said the issues that Mr Izetbegovic would raise when he returned to New York included:

● the future status of Sarajevo, which the plan would put temporarily under a tripartite leadership of Bosnian Moslems, Serbs and Croats;

● some of the boundaries of the provinces into which Bosnia would be divided;

● international guarantees for the enforcement of the agreement if the Bosnian Serbs refused to sign it;

● the precise relationship between the central government and the semi-autonomous provinces.

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Mitterrand lieutenants await electoral fate

The sheer scale of the shift in political sentiment will mean a shake-up, writes Alice Rawsthorn

NO SOONER had Mr Dominique Strauss-Kahn, the French industry minister, arrived at a Cambodian social evening in his Val d'Oise constituency last week than Mr Pierre Lellouche, his conservative opponent in this month's parliamentary elections, walked into the room.

A photographer started taking pictures. The minister ordered him to hand over his film. The photographer refused.

For Mr Strauss-Kahn, 43, this was only one of a string of humiliations in the current electoral campaign. Mr Lellouche, 42, a foreign affairs adviser to Mr Jacques Chirac, conservative mayor of Paris, has steadily been gaining ground. This week's polls suggest he will win the seat thereby depriving Mr Strauss-Kahn of his place in parliament.

If he loses, Mr Strauss-Kahn would at least be in good company. Several prominent socialists risk defeat in this month's vote. Mr Michel Rocard, 62, former French prime minister and the architect of the "big bang" post-electoral alliance with the ecologists, is in danger of losing his seat at Conflans-Sainte-Honorine near Paris, as is Mr Roland Dumas, 70, the influential foreign minister, at Sarlat in the Dordogne. Mr Georges Marchais, 72, the veteran communist leader, may forfeit the seat he has held for 20 years in Val-de-Marne.

The chief cause of this shake-up is the sheer scale of the shift in political sentiment since the last legislative elections in 1988.

The socialists now command the support of just 22 per cent of the electorate, according to the latest Sofres poll for Le Nouvel Observateur, against 38 per cent for the conservative RPR and UDF coalition.

This means the socialists stand to lose more than half of their 270 seats in the National Assembly.

However, the threat to Mr Strauss-Kahn, Mr Rocard, Mr Dumas and Mr Marchais is not simply the result of a swing from left to right.

It is also the legacy of longer term structural changes in French politics – disaffection from the political establishment and the rise of new movements, notably environmentalism.

Mr Strauss-Kahn's constituency in Val d'Oise, a 1950s new town which was expanded in the early 1960s to house the *pieds noirs*, the immigrants then fleeing to France from North Africa, looks like a classic socialist stronghold with its litany of social problems. Those problems have escalated as areas like Sarcelles, the urban hellhole within the constituency, have borne the brunt of the recent surges in unemployment, crime, drugs abuse and racial tension.

Strauss-Kahn: the industry minister has faced a string of humiliations in the campaign

Dumas: is also struggling against a strong conservative candidate in the Dordogne

Mr Strauss-Kahn, a former academic married to Ms Anne Sinclair, doyenne of France's television presenters, has appeared increasingly remote from his constituents as he has pursued his ambitions in the industry ministry.

Mr Lellouche has been swift to exploit this scenario and to paint the ruling socialists as the cause of Sarcelles' problems, rather than in their old role as a source of solutions. The latest CSA poll for Le Parisien suggests Mr Lellouche will win the final vote on March 28 with 52 per cent, against 48 per cent for Mr Strauss-Kahn.

Down in the Dordogne, Mr Dumas is also struggling against a strong conservative candidate.

Mr Jean-Jacques de Peretti, the Gaullist mayor, has, like Mr Lellouche, profited from the socialists' plunging popularity. He has also benefited from the recent scandal over Mr Dumas's friendship with Ms Nahed Ojjeh, daughter of Mr Mustapha Tlass, the Syrian defence minister, and the revelation that her family foundation paid for a new £1m scanner in a Sarlat hospital.

One of the few consolations for Mr Dumas and Mr Strauss-Kahn is that their campaigns are, at least, straightforward battles between left and right. Mr Rocard and Mr Marchais are not so fortunate.

Their different electoral strategies have been complicated by the emergence of the ecologists as a third force in French politics and as a protest vote against the traditional left.

There are two rounds of voting in French legislative elections. Candidates qualify for the second round if they win 12.5 per cent of the first vote. Mr Rocard and Mr Marchais are in constituencies where both the ecologist and conservative candidates are expected to join them in a three-way fight for the second round. Mr Marchais, who has presided over the fading fortunes of the French communists since 1972, risks being beaten in the second round by Mr Alan Lipietz, the ecologist, according to CSA.

Mr Rocard's problem is that Ms Monique Le Saux, the ecologist candidate who is his former parliamentary adviser, stands to win 17 per cent of the second round.

This means that the former prime minister's support would fall to 37 per cent, thereby allowing Mr Pierre Cardo, the conservative, to win the constituency with 47 per cent.

Such a defeat could damage, but not destroy, Mr Rocard's chances in the 1995 presidential elections and would also dent the credibility of his call for a socialist coalition with the ecologists, although Ms Le Saux could, of course, be persuaded to stand down in the second round.

In the meantime Mr Rocard seems remarkably sanguine. "This is my 14th campaign," he said this week. "It's all rather routine."

French cabinet backs reform of constitution

By David Buchan in Paris

THE French government yesterday put its stamp of approval on President François Mitterrand's proposed constitutional reform aimed at giving France's legislature and judiciary more independence from its executive.

The proposals, which will go to parliament for discussion after this month's elections, are designed to boost the powers of scrutiny of the relatively weak National Assembly as well as to give it more leeway to organise its own business.

However, it proposes that parliament should sit for a single session from October to June each year rather than its current two sessions of 90 days each.

The only mildly controversial element is Mr Mitterrand's call for the scrapping of Article 16 which gives a president extraordinary powers in a national emergency.

The Conseil d'Etat, which advises the government on constitutional matters, counselled against abolishing this article, even though it has only been used once – by General de Gaulle during the Algerian troubles in the early 1960s.

In the present political climate virtually the only constitutional issue of interest to most French is the president's term of office.

Mr Mitterrand had hinted that he might call for presidential terms to be shortened from seven years, or made non-renewable.

However, the plan approved yesterday follows an early advisory committee in recommending no change to this issue which has sparked wide political debate.

The Union for French Democracy (UDF), led by ex-President Valéry Giscard d'Estaing who believes in reducing the tenure of a French president, yesterday took for the first time a slight lead over its Republican Rally (RPR) Gaullist ally in an opinion poll.

An IFOP survey gave the UDF 20 per cent, the RPR 19.5 per cent, with the ruling Socialist party trailing at 22 per cent.

Milan election to test opinion after corruption probes

By Haig Simonian in Milan

ITALY'S first big test of public opinion since revelations of widespread political corruption gathered pace this year has dawned with the prospect of elections in Milan, its second biggest city.

The move follows the decision by the majority of councillors to resign on Tuesday night following widening rifts within the coalition administration and the arrest of one member following investigations into kickbacks.

The Milan poll, which may be held in June, could offer the first big test of public support for the parties before widely expected general elections later in the year.

Coming in the city where magistrates first stumbled on the trial of what has become a national corruption scandal, the vote will put all the main parties to the test.

It would indicate the level of support for the discredited Socialists, whose former leader, Mr Bettino Craxi, based his power in Milan. Early elections could also prove an important challenge to the autonomist Lombard League, which captured about a third of the vote in nearby Varese last December.

Securing the mayorship of Milan would be a big prestige boost for its leader, Mr Umberto Bossi, who is thought to have set his sights on control of the former Socialist fastness.

The collapse of Milan's administration after weeks of agony follows growing political problems in Rome, Turin and Naples, where the mayors have stepped down and attempts are under way to form new coalitions. However, Milan is the first case where councillors have opted for elections, rather than using the statutory 60-day period to form a new administration.

The resignation of the council coincided with a decision, yet to be formalised, to drop Milan's bid to host the Olympic Games in 2000. Although never a front runner, officials had until recently insisted Milan would press ahead with its bid despite the growing political scandals. Italy's Olympic Committee may consider re-bidding for the Games in 2004.

EC test for UK electoral system

By Lionel Barber in Strasbourg

THE European parliament yesterday approved proposals for a uniform electoral system, stepping up pressure on the UK to accept a form of proportional representation in elections to the EC body.

The UK, which has fought for 10 years against proportional representation to the parliament, seems certain to exercise a veto. Under the Maastricht treaty the 12 member states must approve the measures unanimously in the council of ministers.

The proposals approved in Strasbourg yesterday were a carefully crafted compromise aimed at accommodating British objections so that at least partial proportional representation could be introduced in time for the 1994 elections.

According to the resolutions approved, the UK would be able to retain at least two-thirds of seats under its present "first-past-the-post" electoral system. The remaining one-third would be elected using national or regional lists of candidates.

A separate measure allows member states to introduce a minimum 3-5 per cent threshold which parties must cross to gain seats in Strasbourg. The minimum hurdle is designed, as in Germany, to prevent the rise of extremist parties.

MEPs also approved a clause allowing special arrangements to ensure representation by regional nationalist parties.

Swiss women in rare triumph

By Ian Rodger in Zurich

WOMEN scored a rare triumph over Swiss male chauvinism yesterday when Ms Ruth Dreifuss became only the second woman to be elected to the seven-member federal cabinet.

It took considerable backroom intrigue, angry demonstrations by women throughout the country and ultimately three rounds of balloting among the mainly male federal parliamentarians before the little known Ms Dreifuss emerged a victor.

And in the end no one was happy. "It is a typical Swiss compromise, with no winners or losers," one parliamentarian said.

The trouble began in January when Mr René Felber, the foreign minister, resigned from the cabinet. As Mr Felber was a member of the Democratic Socialist party and a French Swiss, the "magic formula" agreed by the four parties in the coalition government required that his replacement also be a French Swiss socialist.

The socialists quickly discovered that Ms Christiane Brunner, a trade union leader, was one of only two to meet the requirements. Making a virtue out of near necessity, they championed her, saying it was high time a woman was in the cabinet.

The liberal and conservative parties in the coalition disagreed, at least as far as Ms Brunner was concerned. Her dress was too casual, her private life unorthodox, they complained. Worse, she had once supported a proposal to abolish the Swiss army.

Give us a choice, they demanded, but the socialists refused. When it came to the vote a week ago, they rejected Ms Brunner, electing a French speaking socialist man, Mr Francis Matthey, instead.

For the socialists, this was unacceptable. They ordered Mr Matthey not to accept his election, and threatened to leave the coalition, a move that some of their conservative partners secretly hoped for.

Instead, they turned the tables, proposing Ms Dreifuss, a trade union leader with views virtually identical to those of Ms Brunner.

The liberals and conservatives fumed and squirmed, but obviously influenced by the wave of protest against their shoddy treatment of Ms Brunner, most reluctantly fell into line.

Telecom liberalisation debate reopens in EC

The Deutsche Telekom privatisation talks have brought the competition issue to the fore, Our Foreign Staff writes

DEBATES taking place over the future of telecommunications monopolies in a number of European Community countries are likely to be heightened by a plan under consideration at the EC Commission which would liberalise the market for all domestic and international telephone calls.

Talks on the privatisation of Deutsche Telekom, the German state telephone monopoly, reopen today between Germany's coalition government and the opposition. Deutsche Telekom yesterday welcomed "the competition promoted by the European Community as long as all companies in the sector face equal and fair conditions for competition".

The company has argued that privatisation is the only way to ensure it can compete globally and has urged the Bonn government to push it through as rapidly as possible.

The government will today present an eight point document which plans to turn Deutsche Telekom into a shareholder company and sell part of its equity. The document also foresees that a monopoly will be maintained for the next five years and possibly additional three years.

But a fierce discussion is expected between the government and the opposition Social Democrats who oppose outright privatisation. The agreement of the opposition is needed in order to change the constitution and allow privatisation to go ahead.

The European Commission will meanwhile finish nearly six months of consultations with the industry, consumers, regulators and member states at the end of this month.

According to senior Brussels telecoms officials, the mood of the industry is gradually changing towards opening all domestic and international telephone calls to competition, albeit in a number of phases introduced over a period as long as 10 years.

The highly sensitive decision on whether to press for full liberalisation and harmonisation of "voice telephony" in the EC will be up to the 17 commissioners, prompted by Mr Martin Bangemann, EC commissioner for industry and telecommunications, and Mr Karel Van Miert, responsible for competition.

A report approved by the Commission in October laid out four options for the next wave of legislation, ranging from doing nothing to full liberalisation. At that stage, commissioners favoured a cautious approach, opening cross-border calls within the EC to competition as a first step.

If the Commission chooses a more ambitious programme, culminating in open competition across the whole European network, it will set the scene for a fierce political debate between member states on the pace and extent of liberalisation.

The German negotiations broke down last December with the opposition flatly rejecting the government plan. But both sides today, led by Mr Wolfgang Bötsch, posts and telecommunications minister since January, and by a new negotiating team for the Social Democrats, say they are willing to find a compromise.

The Social Democrats claim a private telecoms monopoly could renege on the current obligation to service all parts of the country. They have also been representing the powerful post and telecoms trade union which fears for the special privileges of its members, who have the job security and pension rights of civil servants, if privatisation goes through.

They are instead proposing that Deutsche Telekom becomes an *Anstalt des offentlischen Rechts*, or public law corporation, a special legal status enjoyed only by some regional banks and television channels in Germany. Such a corporation would initially offer non-tradable certificates to private buyers.

Deutsche Telekom says it urgently needs to expand its capital base through outright privatisation in order to help finance a DM60bn investment programme in east Germany.

Whenever the Commission has rolled out new proposals for telecommunications deregulation in recent years one of the loudest voices of dissent has been France Telecom, the giant French telecommunications group which is arguably the flagship of France's public sector.

On opening up the market for domestic and international telephone calls, France Telecom said yesterday that it would wait until it received a clear indication of the EC's proposals before assessing its own position. However, it stressed that it considered the question of deregulating the voice telephony market - which still represents around 80 per cent of the turnover of most European telecommunications companies - as one of "great sensitivity" with "economic and social implications for the whole industry".

One of France Telecom's chief concerns is the need to ensure that the standard of telecommunications networks is sufficiently high across the Community. A traditional objection to complete deregulation has been the poor state of the networks in southern Europe.

The group is also concerned that European telecommunications companies will continue to be able to fulfil their old public service commitment of offering an equal service to all customers.

In Spain, the chief obstacle to a rapid liberalisation of telecommunications, especially voice traffic, is the government's reluctance to allow domestic call charges to rise rapidly. Spanish domestic telephone charges are low and are subsidised by expensive trunk charges and other service tariffs. But any attempt to raise the costs of local calls to the levels of stronger EC members would have a dramatic effect on Spanish inflation.

The Government is allowing the operating monopoly, Telefonica, slowly to correct its tariff imbalances but insists that the overall increase stemming from any of these changes must remain just below inflation.

Telefonica is a little more ambitious than the government and has, at least in theory, reconciled itself to a totally liberalised market. "It is simply a matter of preparing oneself," says a company official, "there is no point opposing liberalisation. It is just a question of time until the Bundespost starts offering services to big German companies in Spain." The Spanish company is already starting to explore opportunities in Portugal and the UK.

By Andrew Hill in Brussels, Ariane Genillard in Bonn, Alice Rawsthorn in Paris and Haig Simonian in Milan

Hundreds of angry Belgrade depositors queue outside a branch of the private Jugoscandic bank yesterday. They were demanding the return of their money after newspapers alleged its owner had fled the country, Reuter reports from Belgrade. Mr Jezdimir Vasiljevic, a close ally of Serbia's President Slobodan Milosevic, left the Serb capital on Monday for Budapest and arrived in Tel Aviv on Tuesday. Bank officials, anxious to prevent a run on the bank, said Mr Vasiljevic would return.

Close vote likely on Poland's big sell-off scheme

By Christopher Bobinski in Warsaw

POLAND'S coalition government is hoping that its wafer thin parliamentary majority will hold in next week's vote on the country's controversial mass privatisation scheme.

The scheme envisages the transfer of 600 state enterprises to foreign-managed investment funds, with shares in the funds handed out at a nominal fee to the population. The plan seeks at one blow to widen share ownership, reduce the state sector, streamline enterprise management and improve the ability of the companies to raise investment funds.

Over 50 foreign investment banks and consultants, including Kidder Peabody and Kleinwort Benson, have offered to run the 20 or more funds. These will exist for 10 years. After then the shareholders can decide whether to liquidate the funds.

Parliament has been working on the draft legislation since last autumn. A debate last week revealed doubts among both the opposition left and government supporters from the nationalist ZChN party.

Government officials fear opponents could remove some of the plan's key elements. Several ZChN deputies have threatened to vote against the plan unless foreign managers are excluded from the scheme. Meanwhile the SLD group, encompassing the former communists, approves of the use of foreign managers but wants to limit the scheme to a pilot project encompassing only 200 plants. The SLD also argues that the shares should not be distributed until 1995 after the funds' initial performance has been reviewed.

The World Bank is linking approval of successive tranches of a projected $450m structural adjustment loan designed to finance a domestic bank debt reduction plan to the scheme being implemented by parliament.

Exports key for Norway

By Karen Fossli in Oslo

NORWAY'S fragile economy is expected to strengthen in 1993 and 1994, helped by increased exports. But improvement depends on revived world commodity markets, enhanced cost-competitiveness and low wage claims, according to the annual report on the country by the Organisation for Economic Co-operation and Development.

The OECD warned that without improved market conditions for commodity prices the expected increase in Norwegian exports would be at risk.

Improved export performance "will only materialise if competitive gains are not offset by higher wage gains. The still fragile domestic financial situation might also hamper the pick-up of activity, as a further deterioration in banks' balance sheets or failure to restore bank profitability could aggravate the difficulties in financing new investments," the OECD said.

Mainland gross domestic product growth, excluding petroleum and shipping, will expand nearly 2 per cent this year and exceed 3 per cent in 1994, the OECD said. Overall GDP growth is forecast to rise 3.8 per cent in 1994, after a 1.3 per cent gain in 1993.

Improved business investment prospects should also contribute to an upswing in economic activity with continued expansion of petroleum production helping to maintain a large external surplus.

Norway, the world's tenth largest oil producer with current daily crude oil output of 2.3m barrels, will see petroleum production grow at an annual rate of 6 per cent in 1994, the OECD forecast. The organisation said that Norway's oil-adjusted budget deficit appears now much larger than can be covered by net oil revenues on an ongoing basis.

On Norway's banking crisis, the OECD said further reform of the financial system is necessary to restore a healthy and competitive domestic banking industry. Following five years of massive losses, Norway's top three banks have become state-owned.

Hungary and Czech Republic top business poll

E Europe more attractive

By Nicholas Denton in Budapest

WESTERN business executives rate Hungary and the Czech Republic as the best places for business in eastern Europe, according to a new poll.

Some 48 per cent of executives interviewed in a survey by American Express said the business environment in Hungary was good or excellent and 43 per cent said the same of the Czech Republic.

Budapest, where reforms towards a market economy and modernisation started first, led the pack in telecommunications, basic utilities, labour quality and trade regulations. Prague, which has a longer business tradition, followed close behind in most categories and led in terms of financial regulations.

However the survey found that it was Poland's economic stability which had improved the most, with 41 per cent rating the country positive compared with only 3 per cent in 1990.

That finding contrasted sharply with the view that economic stability in Moscow had deteriorated.

A full 62 per cent rated the business environment in Russia as poor.

The survey, which covered 126 leading executives of companies with links with eastern Europe, coincides with other indications of the countries' relative popularity.

Hungary has attracted $4.8bn (£3.32bn) in accumulated foreign direct investment since reforms began, which amounts to more than half of the total for the region; however the Czech Republic is catching up fast.

Moreover, political stabilisation and signs of economic recovery have more recently made Poland flavour of the month among merchant bankers and investors.

Czechs plan second wave of privatisation

By Patrick Blum in Prague

THE Czech government plans to sell companies and property worth CzK500bn (£12.1bn) in a second wave of disposals of state assets from next autumn, the privatisation ministry confirmed yesterday.

More than 2,100 companies are earmarked for privatisation, though more may be added to the list until the March 15 deadline for approval by the ministry. Sectors affected by the programme include industry, agriculture, housing, services and health care.

Candidate companies include names such as Budvar (beer), and Crystalex (fine glass) as well as Kotva, Prague's leading department store. Cesky Plinarsky Podnik, the Czech gas distribution and transport company, Chemopetro and Kausuk (oil refineries), and Zetor, the tractor manufacturer from Brno are also included, as are several steel companies.

About 30 per cent of the value of assets to be privatised will be sold by issuing vouchers to the public that can later be used to bid for shares. The remainder will be sold through direct negotiations with potential investors, by public tender or auctions.

The first wave of privatisation was completed last December before the break-up of the former Czechoslovakia into separate Czech and Slovak states on January 1. This transferred assets worth CzK630bn to the private sector. About 1,500 companies were privatised by vouchers alone.

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Senate's approval near for Brazil tax

By Christina Lamb in Brasilia

THE Brazilian Senate was set yesterday to approve a new tax on financial transactions, after reassurances from the finance minister that the government is planning no shock measures.

Government officials were predicting a smooth passage for the tax, having overcome a credibility crisis provoked by the nomination last week of Mr Eliseu Resende as Brazil's third finance minister in five months.

He had held public office during the military regime of 1964-85, when he was behind some huge and costly development projects now considered white elephants, such as the Transamazônica – a road through the Amazonian rain forest.

The optimism yesterday arose from a positive reaction to promises by Mr Resende in his six-hour address to the Senate late on Tuesday. He said that, in the fight against inflation, there would be no shock measures such as a price freeze, devaluation or compulsory lengthening of terms on Treasury bonds.

The minister reiterated the need for the new tax. It was a "hole-filler of the utmost importance," he said. The 0.25 per cent levy on cheques and financial transactions is expected to raise the equivalent of an extra $600m per month, essential for government attempts to balance its budget.

Mr Resende reaffirmed that the government intends to use $4bn of the extra revenue to pay off half of the domestic debt titles which fall due this year. However, the tax cannot take effect until a supplementary law has been enacted.

Yesterday, the financial markets had their calmest day for weeks, relieved by the minister's assurances and by the choice as Central Bank governor of Mr Paulo César Ximenes, Brazil's representative at the Inter-American Development Bank in Washington.

Fed presidents defend interest rate caution

ALL 12 presidents of the US Federal Reserve Bank yesterday delivered an upbeat outlook for the country's economy at an unprecedented congressional hearing, Reuter reports from Washington.

Several expressed the hope that lagging jobs growth would accelerate soon and stressed the need for the Fed to pursue a cautious interest rate policy.

The hearing, before the Senate Banking Committee, drew together for the first time before Congress the 12 presidents from the Federal Reserve district banks, including five who vote on the Fed's policy-making open market committee.

The hearing was a show of force by congressional Democrats, who have voiced dissatisfaction with the Fed's cautious approach to monetary policy, and who are considering moves to curtail some of the bank's much-vaunted independence.

The Fed presidents generally defended their policy, saying that it had succeeded in virtually taming inflation and laying the groundwork for a sustained economic expansion.

Kansas City Fed president, Mr Thomas Hoenig, defended the current monetary policy as appropriate, His colleague from Atlanta, Mr Robert Forrestal, agreed. "Right now I think monetary policy is on target," he said.

The Fed presidents gave few hints about their future policies, but suggested little change.

Mr Gary Stern, president of the Minneapolis Fed, said: "Our short-run response should in general be cautious because of uncertainty both about the state of the economy and the effects of policy on the economy."

Both Mr Edward Boehne, president of the Philadelphia Fed, and Mr Thomas Hoenig, from Kansas City, expected the consumer price inflation rate to be below 3 per cent this year. In January, prices rose at a year-on-year rate of 3.3 per cent.

Much of the testimony centred on local economic conditions in each of the Fed's 12 districts. In most of the country, the economy is gradually improving, although there are some key exceptions, such as California and other areas hit hard by defence cuts and corporate restructuring.

Bank regulations eased to encourage lending

By George Graham

SEVERAL US bank regulations are being relaxed to help encourage renewed lending, particularly to small business, President Bill Clinton announced yesterday.

It would make it easier for well-capitalised banks to make "character loans" based on their judgment of the borrower, rather than on detailed documentation and collateral, without incurring the suspicions of bank supervisors.

Mr Clinton also wants to raise the threshold below which appraisals will not be required for property loans, and stop the appraisal requirement when property is offered as additional collateral for a business loan. Loans secured by property should be valued on the basis of the borrower's ability to pay over time, rather than on the assumption of immediate liquidation.

Supervisory agencies will also institute a process for banks to appeal against a supervisor's decision, as well as procedures for handling complaints from banks and from the general public.

The measures have been widely trumpeted by the Clinton administration as a blow against the "credit crunch", a constriction on lending that many bankers claim has been caused by excessive regulations. However, bank supervisory agencies expect them to have only a marginal impact on lending, arguing that new legislation would be needed to achieve a greater effect.

"There is very little we can do simply by changing regulations. Most of what we do is dictated by the law of the land," said Mr Lawrence Lindsay, a member of the Federal Reserve Board, in a speech earlier this week.

Congressman Henry Gonzalez, chairman of the House of Representatives banking committee, has also warned President Clinton not to undo necessary bank safety regulations implemented to stop the rash lending that led to the bank debacle of the late 1980s.

"The truth is that all too many banks are taking the easy route of investing in Treasury securities rather than putting in the time and effort required to make a consumer loan," Mr Gonzalez complained recently.

Mr Charles Bowsher, the US comptroller general, has also defended the need for the additional safety and soundness regulations passed in new banking legislation in 1991.

"It would be foolish, in my view, to attempt to periodically weaken and tighten bank regulation in response to recession and inflation.

"Had the banking industry not dissipated its capital in the 1980s by making so many bad loans, it would have been better able to handle some of the problems encountered in this recession," Mr Bowsher said in recent testimony to Congress.

However, a study by regulatory agencies estimated the cost of regulatory burden on banks at somewhere between $7.5bn and $17bn in 1991.

Mexican party funding limited

By Damian Fraser in Tijuana, Mexico

MEXICO'S ruling Institutional Revolutionary Party (PRI) has agreed to accept a limit of 1m new pesos ($320,000) on individual contributions to the party.

The decision follows a public outcry over disclosures that the PRI had solicited donations of hundreds of millions of dollars from wealthy businessmen.

The reversal came after opposition parties and the public had denounced a dinner at which 30 select businessmen had been asked to give some $25m each to the party's trust fund.

The Mexican independent press and the opposition argued that the huge donations would make it impossible for the latter to compete on equal terms in the next presidential election. PRI members also complained that the businessmen's contributions would give them excessive influence over the party, which has long enjoyed the support of labour and peasant organisations.

President Carlos Salinas explained the reversal: "Among the militants in the parties, and among public opinion, there has been expressed, with reason, concern that the donations are excessive and concentrated, and that they represent an undue influence."

The limitation of 1m new pesos will only apply to contributions to the party's trust fund. However, a presidential spokesman said that Congress would soon debate legislation aimed to limit contributions to electoral campaigns. The PRI also said that it would only accept money from individuals and social organisations, not from incorporated businesses.

The PRI will go ahead with other fund-raising, such as its national lottery and credit cards for 500,000 sympathisers. It will still be much better endowed than other opposition parties, thanks in large part to its continuous presence in power for the past 64 years.

MRS JANET RENO, a 54-year-old Miami prosecutor, is sailing swiftly through the US Senate for a likely quick confirmation as attorney-general. She appeared before the Senate judiciary committee yesterday for more questioning as legislators indicated there was a chance it would approve her nomination today.

Jamaica PM calls poll for March 30

By Canute James in Kingston

MR P J PATTERSON, prime minister of Jamaica, has called a general election for March 30, eleven months before it is constitutionally due.

He said he was seeking his own popular mandate, a year after he took office on the resignation of Mr Michael Manley. The early election, however, appears to have been determined by opinion polls showing a healthy lead for the incumbent People's National Party.

Last month, polls gave the PNP a 12-point lead over the opposition Jamaica Labour Party, led by Mr Edward Seaga, a former prime minister. The JLP started to campaign a fortnight ago after indications that Mr Patterson was considering a snap election.

The main issue in the campaign will be the economy of the Caribbean island of 2.3m. Mr Patterson's administration has continued the programme of extensive deregulation started by Mr Manley, including the liberalisation of the island's foreign currency market.

Mr Seaga has argued, though, that the government has gone overboard in deregulating the economy and was abandoning some of its responsibilities.

The incumbent party's support has been lifted in recent months by indications of stability in the economy. The Jamaican dollar has depreciated rapidly after its flotation 18 months ago, and inflation for the first nine months of the current fiscal year was 17.9 per cent, against 73.1 per cent for the equivalent period of the last fiscal year.

Another arrest over NY explosion

A THIRD person was arrested yesterday in connection with New York's World Trade Centre explosion, which killed at least five people and injured more than 1,000, writes Karen Zagor in New York.

The suspect, identified by Cable News Network as Mr Nidal Ayyad, is believed to be a 25-year-old chemical engineer. He is alleged to have taken part in renting the van believed to have been used in the bombing.

Last week, Mr Mohammed Salameh was charged with aiding and abetting the bombing and subsequent fire and with transporting explosives across state lines.

GM court plea

General Motors has asked for a new trial of a Georgia case in which the parents of a boy who died in a lorry crash were awarded $105m, AP-DJ reports from Detroit. The company said new witnesses claimed Shannon Moseley, 17, might have been dead before the truck caught fire. His family blamed his 1985 death on placement of the fuel tanks.

Canadian transport

Sweeping changes in Canada's transport sector, including the privatisation of Canadian National Railways have been proposed by the National Transportation Act Review Commission, writes Robert Gibbens in Montreal.

Under the proposals, foreigners will be allowed to own 49 per cent of a Canadian airline, up from the present 25 per cent, and all transport subsidies will be phased out.

● Canada's central bank rate declined 23 basis points yesterday to 5.66 per cent from 5.89 per cent a week earlier. The total decline since late last November is now 316 basis points and the Canadian dollar has weakened after two weeks of continuous strength. The banks were expected to drop their prime lending rates to 6.25 per cent, a 20-year low.

Japanese license French high-tech

By Michiyo Nakamoto

FIVE Japanese companies have signed a technology licensing agreement with Bull, the French state-owned computer group, that will allow them to use Bull's patented technologies for IC (integrated circuit) card technology.

Toshiba, Hitachi, Oki Electric, Toppan Printing and Kyodo Printing have agreed to pay a fee to license technology owned by Bull's integrated circuit card company, Bull CP8, covering 500 areas related to IC cards and reader/writer machines. The value of the licensing deals is not revealed.

Bull already has agreements with Toshiba, Hitachi, NEC, Sharp and Oki Electric to license its self-programmable one-chip microcomputer (SPOM) patent which covers technology for single-chip microcomputers used in IC cards.

The deals represent an unusual example of high technology flowing from France to Japan, rather than vice versa.

SPOM technology enables memory, microprocessors and programmes to be put on a single chip, thereby reducing significantly the cost of manufacturing integrated circuit cards.

The IC card market in Japan is expected to grow to between Y1,000bn (£5.8bn) and Y2,000bn (£11.7bn) as IC cards are used increasingly to replace keys in intelligent buildings, to record personal medical information and eventually as a replacement for money.

Japan balks at US tough line over semiconductors

By Michiyo Nakamoto in Tokyo

THE JAPANESE semiconductor industry has raised its voice in protest against recent criticism from the US over Japan's expected failure to fulfil a bilateral agreement on foreign market share of the Japanese semiconductor market. That was supposed to reach 20 per cent by the end of last year: the third quarter figure was almost 16 per cent.

The Electronics Industry Association of Japan has published a report on the 1991 US-Japan Semiconductor Arrangement, which tries to clarify what the bilateral agreement calls for and to explain why the 20 per cent market share figure the US has focused on is not a fair measure of the improvement in foreign access to the Japanese semiconductor market.

The report comes as the US Semiconductor Industry Association (SIA) has become increasingly insistent that Japan meet the 20 per cent target.

Last week, the SIA said that, if Japan failed to comply with the agreement, it would "work closely with the Clinton administration to seek redress and pursue appropriate measures to ensure compliance".

The EIAJ has responded with a clear protest against the SIA's stance. The 20 per cent figure, as it appears in the agreement, "represents the US industry *expectation*, not a guarantee", it says.

Furthermore, the 20 per cent figure should not be taken as the only measure of whether access to the Japanese semiconductor market has improved, it says.

Since the original US-Japan Semiconductor Arrangement was signed in 1986, foreign market share has more than doubled from 8 to about 16 per cent; sales of foreign semiconductors have more than tripled from $1bn to $3.2bn.

Nor is overall market share a completely reliable measure of progress in foreign access to the Japanese market, says the EIAJ. Foreign semiconductor manufacturers are not competitive in semiconductors for consumer electronics, which comprise about 42 per cent of the Japanese semiconductor market against only 5.3 per cent in the US. Also, in certain other product categories, US companies do not have a sufficient supply to service Japanese demand.

Rather than focus on the failures, it says, the US should look at how much the agreement has achieved. The 1991 agreement has resulted in increased foreign sales in Japan, greater foreign market share, design-ins and joint relationships. As such, it is having its intended effect, the EIAJ report concludes.

With a bilateral meeting to determine last year's the foreign market share, due next week, the report's unwritten plea seems to be that the US should refrain from taking any rash decision that could undermine progress made so far.

THE Japanese electronics company Toshiba is licensing liquid crystal display technology to Orion Electric, the South Korean company in which it has a stake of just under 1 per cent, writes Michiyo Nakamoto in Tokyo.

Toshiba will license Orion with super-twisted pneumatic (STN) LCD technology used mainly for screens on notebook PCs.

SNT LCDs are cheaper to manufacture than thin film transistor (TFT) LCDs, which Toshiba is developing in a joint venture with IBM. The quality of SNT LCDs, however, is inferior to that of TFT LCDs, in which many Japanese companies are investing heavily.

UK supercomputer sale raises hackles

By Louise Kehoe in San Francisco

THINKING Machines, a US supercomputer manufacturer, is expected to lodge an official protest against the decision by the Department of Energy's Lawrence Livermore Laboratory in California to buy a supercomputer from Meiko Scientific, a British-owned company. The $15m sale, if completed, would be the first of its kind to a US government laboratory from a non-US company.

The deal has already been clouded by controversy surrounding Meiko's sale of high-performance computers to Israel in 1991, after Washington refused export licences to US manufacturers.

Mr Danny Hillis, president and co-founder of Thinking Machines, a US leader in the field of "massively parallel supercomputers", which combine the power of hundreds of microprocessor chips to achieve record processing speeds, said he did not believe Meiko had met all the specifications. "Our issue is: has there been a fair bidding process?" It appeared that the Meiko supercomputer might be a prototype, whereas the laboratory had specified that it would buy only a proven product. He also believed that Meiko might be infringing some of his company's patents.

Thinking Machines must wait until Lawrence Livermore finalises a contract before it can obtain full details of the Meiko computer. It will then have 10 days to file a formal protest, forcing the government laboratory to prove that it has conducted the procurement competition fairly.

Mr David Alden, president of Meiko, maintains that Meiko won the contract in an open competition with US manufacturers. He also rejects charges that it made "ill advised" exports to Israel. Meiko obtained export licences from the British Department of Trade, he said, and the computers sold to Technion University were not true supercomputers.

Clinton under car company pressure

By Nancy Dunne in Washington

THE "Big Three" US motor companies – Ford, GM and Chrysler – yesterday urged the Clinton administration to negotiate a "results-oriented" pact with Japan which would achieve a bilateral trade balance on a specific schedule.

Mr Peter Pestillo, an executive vice-president of Ford Motor Company, told the Senate commerce committee they were recommending a five-year schedule with regular monitoring.

"Japan can make its own decisions as to how to achieve this goal – by importing more, or exporting less, or both," he said. "What we need is results-oriented policy, not 'regrets' about not meeting targets, as in the recent semiconductor case."

On Tuesday, Mr Mickey Kantor, US trade representative, told the Senate finance committee the administration was seriously studying a similar plan to negotiate goals for Japanese imports called "temporary quantitative indicators".

The Big Three laid out a case for government assistance based on their massive reinvestment in recent years – $61.3bn (£43.1bn) from 1969 to 1992 – and the importance of the domestic industry to the US economy. The US trade deficit with Japan has remained at $32bn a year since 1986.

Mr Pestillo said the main Japanese producers were "dumping" cars in the US at prices 14 per cent below those charged in Japan.

"In 1991 the top seven Japanese automakers earned $8.5bn in Japan, while losing $1.4bn and $3.6bn in North America," he said. "In the past four years they earned an average of more than $9bn in Japan, while losing an average of more than $3bn in North America and almost $1.4bn in Europe."

The US industry decided not to bring a dumping case against Japanese producers in order to give the new administration time to find "a private remedy", Mr Pestillo said.

National Power to study £260m Indian venture

By Michael Smith

NATIONAL POWER, the UK's largest electricity generator, and Jaiprakesh Industries, an Indian engineering and manufacturing company, yesterday signed an agreement which could lead to the building of a £260m coal-fired power station in Karnataka, India.

The agreement to conduct a feasibility study for a 300MW power station in Mangalore is seen as the first step in setting up a joint venture to build, own and operate the plant.

The move is the latest in a diversification programme by the UK company through which it aims to invest £1bn overseas by the end of the century. Jaiprakesh is planning a steel plant in Karnataka, which the power plant would supply.

National Power and Jaiprakesh are seeking a third partner for the project and aim later to allow other Indian investors to acquire shares.

Mr Graham Hadley, a National Power executive director, said his company was looking at several opportunities in India but the Karnataka scheme was its lead project. Mr S K Dixit, Jaiprakesh managing director, said the promoters would be putting up Rs3bn (£65.9m) equity for the Rs12bn venture.

Government clearance would be sought after preliminary studies were completed.

Facility to boost E Europe travel

By David Dodwell, World Trade Editor

A MULTI-MILLION dollar facility to stimulate tourism in central and eastern Europe is being launched this week by the European Bank for Reconstruction and Development, in collaboration with the World Travel and Tourism Council.

The facility will be made up of three parts: a fund for infrastructure projects linked with stimulating travel and tourism; a fund for private sector tourism projects such as hotels and holiday resorts; a third, smaller, tranche for consultants commissioned to make feasibility studies.

EBRD funds will be matched by private sector investment "in the form of know-how and expertise," said Mr James D. Robinson, WTTC chairman.

Travel and tourism in the region have been badly hit lately. Earnings fell more than 8 per cent between 1989 and 1990, the last year for which the WTTC has data. Capital investment in the region's travel and tourism is projected to fall from $76bn in 1990 to $65bn (£45.7bn) this year.

Turkish metro contract

THE BRITISH companies Coppee (UK) and Westinghouse Brakes, both in Surrey, have won a turnkey contract from the Ankara Metro Consortium to design and supply trackwork, power supplies, braking, air-conditioning equipment and ticket machines for the first metro line in the Turkish capital, writes David Dodwell.

The consortium's long-term plan is for a five-line system, which will augment a light rail network in the city centre.

The UK's Export Credits Guarantee Department has agreed to provide credit cover for a £38m loan for the first line in the new metro.

EC probes camera imports

By Andrew Hill in Brussels

JAPANESE electronics manufacturers are undercutting prices of EC-made television camera systems by up to 65 per cent, according to European producers.

The European Commission yesterday opened a formal anti-dumping inquiry into Japanese television camera imports after complaints from Philips of the Netherlands and Thomson of France that systems were being sold in the EC at well below the price in Japan.

According to the Commission, Japanese exports of the studio cameras to the EC are worth Ecu30m (£24.78m) a year.

The Commission has also begun investigating alleged dumping of electrical components by South Korean and Taiwanese producers, following a similar probe into Japanese manufacturers' exports last year.

Philips, BH Components of the UK, and Roederstein of Germany complain that large aluminium electrolytic capacitors from Korea and Taiwan have been sold at prices between 9 and 17 per cent lower than competing EC-made components. The capacitors are used in a wide variety of consumer electronics products.

Egyptian crackdown leaves 14 militants dead

By Mark Nicholson in Cairo

EGYPTIAN security forces have shot and killed 14 alleged militants in a bloody two-day crackdown on Islamic groups behind recent attacks on tourists. At least four policemen, a woman and a child also died in the raids – among the bloodiest clashes in Egypt in a decade.

Thirteen people died in shootouts in and around Cairo yesterday as police and special operations officers launched nine dawn raids on alleged Islamic militant hideouts. A further seven alleged militants died in a clash on Tuesday night after police surrounded a mosque in Aswan, the popular tourist resort in Upper Egypt.

The incident is only the second in Aswan since the recent spate of violence in Egypt. Two police officers guarding a church were shot dead by militants on March 6 and Tuesday's raid appears to have followed a tough police response to the attacks.

The police crackdown is the harshest and most violent yet in the government's continuing fight against the Gama'a al-Islamiyya, the shadowy Islamic militant group which claims to be behind recent attacks on tourists. There have been few more violent clashes between police and alleged extremists since the aftermath of President Sadat's assassination in 1981.

Police have rounded up hundreds, and possibly thousands of alleged Gama'a al-Islamiyya activists since attacks on tourists began last summer and clashes between militants and police have been sustained at a low level over the past several months leaving, by some estimates, 15 dead and 33 wounded before the last two days' violence.

But yesterday's raids appear to signal a new resolve within the government to bear down even more heavily on the militant groups, whose attacks on foreign visitors have devastated the country's tourism industry. Cancellations are estimated by the government to be costing $70m (£49m) a month.

President Hosni Mubarak said in a recent US newspaper interview that he was prepared to use a "very heavy hand" against the Islamic militants. Saying that he believed their attacks had peaked, he nevertheless told the Washington Post: "I'll be very strict with them. I'm very strict with these people for the sake of the country and the people."

An Interior Ministry statement yesterday said that the series of raids, which took place in central, northern and western Cairo, led to several arrests, including that of two un-named men claimed to be among the "top leadership" of the Gama'a al-Islamiyya. The ministry said several guns and explosives were also seized.

Asia-Pacific consumers help Singapore turn up volume

Kieran Cooke on insatiable demand for electronics goods

MR MILIVOJ von Somogy, head of Asia-Pacific operations for European electronics giant SGS-Thomson, has a problem. He cannot produce enough goods to satisfy demand.

SGS-Thomson produces about 100m pieces of various computer chips each month at its plants in Singapore. Mr Somogy says the company's semiconductor sales in the Asia-Pacific region grew by 33 per cent last year.

"In the Singapore/Malaysia area our sales now exceed those of either France or Britain and are the same as those of Germany... it's no longer a question of orders. Instead it's a question of whether we can supply fast enough."

The SGS-Thomson experience is shared by several other companies based in Singapore and elsewhere in the region.

Regional demand for a whole range of goods is soaring while in much of the rest of the world it is stagnating or declining. More and more multinationals are realising that it is vital to have a manufacturing base in the world's fastest growing region.

At first foreign electronics companies invested in Singapore because of cheap labour. Times have changed. Companies that in the 1960s were assembling black and white television sets have evolved to design and manufacture a comprehensive range of final products, sub-assemblies, components and parts for both industrial and consumer electronics industries.

More than 250 electronics companies in Singapore produced an estimated S$31bn (£13bn) worth of goods last year, 6 per cent up on 1991. Products cover almost the entire electronics sector: Singapore now accounts for about 50 per cent of total world output of computer disk drives.

At a time of serious investment shortfalls elsewhere, investment commitments in Singapore's manufacturing sector reached a record high of S$3.5bn in 1992 – 21 per cent up on 1991. Of that, S$1.4bn, more than 40 per cent of the total, is being invested in the electronics sector.

Electronics companies invest in Singapore because of its industrial infrastructure and its well established expertise in the industry. The city state is also at the centre of an increasingly regionalised industry.

SGS-Thomson has 1,500 people there producing increasingly sophisticated "front end" products. Another 3,300 are employed in "back end" operations in Malaysia. The island of Penang in Malaysia is becoming an important electronics manufacturing centre. Parts made there or in Thailand are shipped to Singapore for finishing.

Glyn Genin

No more a matter of cheap labour: now it is increasingly sophisticated production

Nike, the US running shoes manufacturer, tied up its laces and moved its manufacturing operations across the Pacific some time ago. Of the 90m pairs of shoes Nike produces each year, less than 2 per cent are made outside Asia.

Du Pont is one of several chemical companies making multi-million dollar investments in new plant in Singapore. One of the Du Pont plants will produce key ingredients for polyurethane used, among other things, for liners in the running shoes industry. In future, Du Pont will able to feed Nike plants in Indonesia and elsewhere in the region from its Singapore plant, rather than from the US.

"We've been selling our products in this region for many years," says Mr Thomas Springer, managing director of Du Pont's Singapore operations. "Now having a presence here makes sense both from a production and sales point of view. Over the next few years we see our market in the Asia Pacific growing at twice the rate of anywhere else."

Eastman Chemical of the US, which has recently opened a regional headquarters in Singapore and is looking at investments in the area, says Asia will remain the world's fastest growing consumer market for some years.

"It's here, in the Asia Pacific, that we can see our future," says Mr Earnest Deavenport, Eastman's president.

An increasingly affluent middle class is fuelling consumer spending in the region, greatly increasing demand for everything from electronic equipment to goods derived from the petrochemicals industry.

Singapore's planners expect that the country's – and the region's – dependence on traditional export markets in the US and Europe will diminish as demand rises closer to home. The newly opened economies of India and China are being targeted as the main new growth areas.

Companies such as SGS-Thomson see the changes reflected in sales figures. "In terms of sales, our semiconductor market in the Asia-Pacific has caught up with Europe," says Mr Somogy. "China is opening up and presents a tremendous market. I don't see much change in the growth trend in this region for the next 10 to 15 years."

NKK's workforce to be reduced by 15%

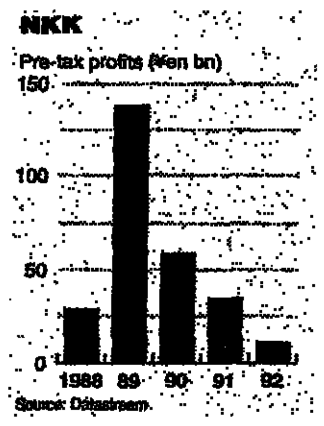
By Emiko Terazono in Tokyo

NKK, the Japanese steel company, is to reduce its workforce by 15 per cent over the next three years and slash capital spending by 40 per cent by 1995

NKK is the country's first steel company to announce a major restructuring programme. Other groups in the industry, which face rising costs due to heavy capital investments in the late 1980s, are expected to follow suit.

The company plans to cut staff by transferring workers to affiliates. While most Japanese companies are reducing staff by targeting older workers, NKK said its plan included younger staff members. It also said it would cut divisions in new businesses other than steel which were unprofitable.

Japanese steel makers drafted restructurings in the mid-1980s, when demand for steel plunged. They abandoned them later in the decade in response to the rapid growth in the economy. The low cost of capital further contributed to heavy capital investments.



Despite the recent spate of shakeouts announced by large Japanese companies, leading think tanks predict corporate Japan will face the first fourth consecutive decline in pre-tax earnings in postwar history.

Nomura Research Institute, the research arm of Nomura Securities, said yesterday corporate profits, excluding the financial sector, for the business year ending March 1994 would fall 4.8 per cent.

Nomura said manufacturing industry will post a 5.6 per cent pre-tax profit fall, but non-manufacturers will see a 2.6 per cent profit rise. Profits for all industries for the first half to September are projected to fall 10.4 per cent, while effects of the government's increased public works spending package are expected to start emerging during the second half, lifting pre-tax profits by 9.2 per cent.

Falling competitiveness in Japan worries Miti

By Charles Leadbeater in Tokyo

JAPAN's powerful Ministry of International Trade and Industry (Miti) believes important parts of Japanese industry have lost their international competitiveness.

The ministry, widely regarded in the west as the architect of the country's industrial success, believes significant parts of Japanese industry will need far-reaching restructuring to respond to the protracted slump in the economy.

Senior Miti officials are drawing up plans for a wide-ranging information technology investment programme to help revive the economy by upgrading its telecommunications infrastructure.

They believe the government's plan to stimulate the economy with another emergency spending package being drawn up now should not be confined to traditional public works programmes, which mainly benefit the construction industry and heavy industries such as steel and chemicals.

Miti wants to develop so-called telecommunications data highways (sophisticated high-speed communications links) which should stimulate demand for the hard-pressed electronics sector.

A linked Miti plan for schools and universities to use government funds to buy computers has won the tacit backing of Mr Kiichi Miyazawa, the prime minister.

The electronics industry and other sectors with chronic overcapacity may need further restructuring even if a pump-priming programme is introduced, senior officials believe.

Mr Noboru Hatakeyama, Japan's vice-minister for international affairs, said: "In industries such as automobiles and electronics where saturation has developed, this recession has exposed real problems with Japan's industrial structure which will need to be addressed."

Mr Hatakeyama said he would not be surprised if more companies followed the recent lead of Nissan, which shocked the automobile industry by announcing plans to close its Zama production plant.

He said too many Japanese companies had been lax during the high growth in the late 1980s and had let their costs grow out of control.

There were particular concerns about Japan's position in some key areas of electronics, such as microprocessors and computer work stations, where Japanese industry was losing its competitiveness, Mr Hatakeyama said.

In the past few months Japanese personal computer manufacturers faced a mounting challenge in their domestic market from US producers such as Compaq, while many Japanese semiconductor makers acknowledge US competition has become tougher.

Mr Hatakeyama said research and development in the electronics industry was a candidate for special attention from Miti programmes.

Move to win back aid from foreign donors

Kenya devalues official rate

By Julian Ozanne, Africa Correspondent

THE Kenya government intensified its economic reform drive yesterday devaluing its official exchange rate in a bid to win back foreign aid from donors who meet in London next week.

The central bank announced a 20 per cent devaluation of the official rate – used solely for government imports and servicing public and publicly guaranteed debt – from 36.4 to 45.6 shillings to the US dollar.

The commercial rate of exchange, set by the banking sector for all other trade, is hovering around Sh60 to the dollar.

The move is a further concession to the International Monetary Fund and removes an obstacle to speedy resumption of crucial quick disbursing aid worth up to $40m (£28m) a month, suspended in 1991 because of economic mismanagement.

The IMF left Kenya last weekend without agreeing a provisional deal which could lead to the resumption of the frozen aid. The Fund was reported to have insisted on a staggered merging of the official and commercial exchange rates before giving its stamp of approval to the government's reform programme.

Money supply grew last year 35 per cent and inflation is between 40 and 60 per cent.

After months of delay the government embarked on a serious programme of reforms in mid-February. It floated the currency for commercial transactions, announced tighter expenditure controls and took steps to restart the liberalisation of the agricultural sector.

Next Monday the World Bank will chair an informal donors' meeting in London to review the recent measures and discuss the possibility of resuming the suspended aid. Among proposals to be discussed is the rapid unblocking of a World Bank export promotion loan worth $150m in World Bank and bilateral funds.

China has more than a million 'millionaires'

COMMUNIST China has more than a million renminbi millionaires "according to the most conservative estimates", an official mainland survey said yesterday, Reuter reports from Hong Kong.

Some in the booming southern city of Shenzhen were in the 10m renminbi (£1.2m) bracket, the China News Service quoted a mainland magazine as saying.

Average per capita income for Chinese rose above 2,000 renminbi for the first time last year, driven by 12.8 per cent economic growth. A million renminbi is worth £120,000 at the official rate.

"The slogan of a few years ago – that some people must get rich before others – has become a reality but the level of wealth has far exceeded expectations," the report added.

It said many mainland Chinese were on waiting lists for China's new golf courses, with membership fees of £21,000 to £28,000

Nigeria to step up oil sell-off

NIGERIA'S petroleum and mineral resources secretary, Mr Philip Asiodu, said yesterday the government wants to open up the country's oil sector to further private participation, Reuter reports from Lagos.

"The government is going to open up many sectors of downstream activities to if necessary 100 per cent private ownership," Mr Asiodu said in radio broadcast.

"We are going to allow people to export and use the proceeds to pay for the equipment they must import," he told senior staff of the state-owned Nigerian National Petroleum Corp (NNPC) in Lagos.

Mr Asiodu said the government plans to make it easier for private investors to participate in the oil industry.

"We are going to look at any other administrative procedures which impede decisions of well meaning investors," he said.

Nigeria's downstream oil sector is at present dominated by major western oil companies operating as minority joint venture partners of the NNPC.

Syria accused over human rights

Syria may have the world's worst record of human rights abuses against scientists over the last 10 years, with hundreds of political arrests and widespread torture, the US National Academy of Sciences said, Reuter reports from Washington.

Over the last decade, 287 scientists, engineers and health professionals were imprisoned, usually without charge or trial, and 20 are believed to have died or "disappeared" while in captivity, the report said.

Many of the scientists were arrested after protesting at Syria's prolonged state of emergency and calling for human rights reforms.

Yemen bomb hits UK embassy

A bomb exploded outside the British embassy in the Yemeni capital Sanaa yesterday, damaging the compound's perimeter wall but causing no injuries, a British official said, Reuter reports.

He said the "small explosive device" went off in the early hours of the morning.

The US and German missions have been bombed recently.

Trial of French mercenary starts

Veteran French mercenary leader Bob Denard went on trial in Paris yesterday for leading an ill-fated invasion of the then-Marxist African state of Benin in 1977, Reuter reports from Paris.

Mr Denard, 63, who returned from exile in South Africa last month to give himself up to French authorities, was sentenced in his absence in 1991 to five years' jail for the failed invasion in which three Benin soldiers and two mercenaries were killed.

Iran claims US in psychological war

Iran vowed yesterday to resist what it termed the west's "psychological war" launched against it through charges of terrorism and militarism, Reuter reports from Nicosia.

The Majlis (parliament) speaker Ali Akbar Nateq-Nouri described a series of recent accusations and condemnations issued mainly by US officials as "psychological warfare with specific political aims," Tehran Radio reported.

British minister under pressure for inquiry into Crescent Petroleum Company International

Probe urged into Iraqi links of Gulf-based oil group

Richard Donkin on how suspicions were aroused

MR MICHAEL HESELTINE, the British Trade and Industry Secretary was asked yesterday to set up an investigation into links between a Gulf-based oil company and the head of Iraq's nuclear weapon's programme.

The request was tabled in parliamentary questions by by Mr Robin Cook, opposition Labour party's trade and industry spokesman. He asked Mr Heseltine whether he had held discussions with a number of US House of Representatives committees and the US Treasury's Office of Foreign Asset Control (Ofac) about their investigations into Crescent Petroleum Company International.

The parliamentary questions are the latest development in what Mr Hamid Jafar, Crescent's chairman and chief executive, says is a "malicious campaign" against his Sharjah-based company which is one of the largest private petroleum companies in the Middle East.

Crescent Petroleum is one of the companies to have come under scrutiny in investigations carried out by Ofac which has been looking at companies with links to Iraq.

Mr Jafar feels his company has been targeted unfairly because of its Iraqi connections. Mr Cook is asking if Mr Heseltine will investigate links between Crescent, Mr Hamid Jafar, Mr Jafar Jafar, and the Iraqi ministry of industry and military industrialisation.

Crescent is registered in Bermuda and ultimately owned by two Panamanian registered corporations – Fusion Holdings and Suham Investments. Both are bearer share companies and Mr Hamid Jafar insists he is the owner.

One of his problems has been a series of what he says are coincidental or irrelevant connections which he is afraid might lead observers to believe his links to Iraq are closer than they appear. He himself was born in Iraq. His brother, Jafar Jafar, heads the Iraqi nuclear programme but, says Hamid, has nothing to do with Crescent. The Fusion name, he says was purely co-incidental, the name it had when it was bought off the shelf.

What he does not dispute is that his company entered into a joint venture with Iraq in 1989 to find downstream petroleum outlets. In the summer of 1990 Crescent was well advanced with negotiations to buy Petrofina's refineries and sales network, including 3,100 filling stations, mainly in the US. At the same time Crescent had also agreed to build an aluminium smelting plant for Iraq in Nassariya but the Gulf War intervened.

The petroleum joint venture had been agreed between Crescent and Iraq's ministry of industry and military manufacture.

The letter conferring Iraqi authorisation of Crescent to act on its behalf in the venture was signed by Lt Gen Amir al-Saadi, the deputy minister.

As token of his gratitude Mr Jafar bought a golden pistol for Mr Hussein Kamel, minister for industry and military manufacture, from Aspreys, the London jewellers, and exported it first to Sharjah and then to Baghdad. He said, however that "due to a cock up" it had never left Baghdad airport.

Mr Jafar has consistently maintained that his company no longer has connections with Iraq, has not been involved in sanctions busting and is solely owned by himself.

His company documents show that he was given power of attorney over Fusion holdings in January 1991, a week after the start of operation Desert Storm. He said this was a requirement of one of his banks.

In an interview with the Financial Times two weeks ago Mr Jafar said he had given every assistance to Ofac but said that it had not followed up material that had been passed on by Crescent.

He said of the Iraqi joint venture: "To us it was a tremendous opportunity to have a deal like that with a producer. It would have propelled us into the downstream business overnight."

● Monday's Financial Times report of questions to be raised in Parliament concerning the Crescent oil group incorrectly gave the date of the outbreak of the Gulf War as 1991. It did of course start with Iraq's invasion of Kuwait in August 1990.

Jafar: 'malicious campaign'

Trident sub lost £250,000 part in trials

By David White, Defence Correspondent

BRITAIN'S latest £650m Trident missile submarine lost a crucial part of its defensive sonar equipment during sea trials, a parliamentary committee was told yesterday.

The all-party defence committee also heard that delays in the command system software meant the submarine could not fire torpedoes. But it was told the system, designed by BAe-Sema, a joint venture between British Aerospace and the Anglo-French Sema group, would be ready by the time the vessel was deployed.

HMS Vanguard, the first of four Trident submarines, is due to enter service in late 1994 or early 1995.

Rear Admiral Richard Irwin, chief of the strategic systems executive, said part of the sonar "towed array" trailing from the stern of the submarine broke away in the early stages of contractor sea trials, between October and January.

The towed array, costing about £250,000, is part of the specially designed Sonar 2054 system provided by GEC-Marconi. "We have not yet come up with any reason why it was lost," Admiral Irwin said. But it appeared there had been an assembly error by either the supplier or VSEL, the submarine's builder. He described the incident as "very unfortunate" and said he was worried by the number of "little snags" affecting the sonar system.

Public hearings likely soon on arms for Iraq

By Jimmy Burns and David Owen

PUBLIC hearings in the judicial inquiry into the arms-for-Iraq affair are expected to be completed before parliament rises for the summer recess, sources close to the inquiry said yesterday.

Lord Justice Scott, who is leading the inquiry, plans to set out details of how the hearings will be held before Easter.

He was appointed to lead the inquiry in November last year after documents released during the trial of senior management of UK machine-tool makers Matrix Churchill indicated the possible involvement of some government departments in defence or military-related trade with Iraq in the five years leading up the invasion of Kuwait.

The hearings will almost certainly involve current and former ministers and Lord Justice Scott is already drawing up a list of who will be called. Some of the inquiry team would like the hearings to be monitored on closed-circuit television to enable as many journalists as possible to view the proceedings.

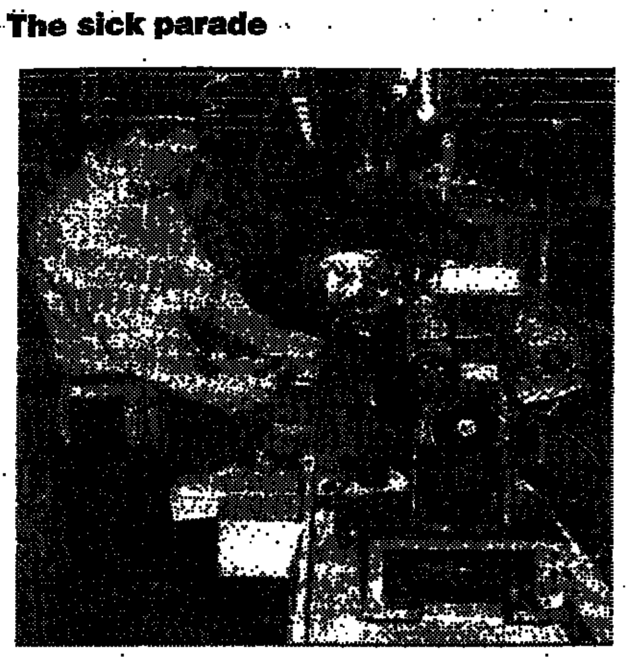
The intention to complete public proceedings while parliament is in session is significant since it suggests opposition spokesmen will immediately be able to press ministers on their testimony by tabling written and oral questions with the protection of parliamentary privilege.

Parliament would normally rise for the summer recess in late July. But there are suggestions at Westminster that this might be delayed by the tortuous progress of the Maastricht bill. It is understood that Lord Justice Scott is ensuring that hearings take place while parliament is still sitting as a political safeguard against any attempt at prevarication by officials.

Lawyers advising in recent cases relating to exports to Iraq have voiced some concern about the possibility that Justice Scott may face obstruction from officials and ministers refusing to give evidence.

Yesterday Ms Liz Symons, general secretary of the First Division Association, the trade union representing top government employees, said some of her members were worried that any evidence they might give to the Scott inquiry might involve a breach of the Official Secrets Act and/or their contracts of employment which contains confidentiality and loyalty clauses.

The sick parade



Top 8 reasons given by employees for absence

1. Colds/influenza
2. Stomach upsets/ food poisoning
3. Back problems
4. Emotional/personal/stress
5. Non-work-related injuries
6. Doctor/dentist appointments
7. Pregnancy-related problems
8. Earache

What employers think are the real reasons workers stay away

1. Colds/influenza
2. Emotional/personal/stress
3. Stomach upsets/ food poisoning
4. Headaches/migraines
5. Long-term illness
6. Back problems
7. Monday morning "blues"/ extending the weekend
8. Low morale in the organistation/boring job

Source: The Industrial Society

Survey locates absentees

By Diane Summers, Labour Staff

ABSENTEEISM may have taken over from strikes as the British disease, according to evidence published today that workers in Japanese-owned companies in the UK take far fewer days off sick than those working for domestic companies.

Sickness absence is two-thirds higher for UK organisations than their Japanese counterparts. The absence rate – the percentage of working days lost a year – is 3.9 per cent for UK companies, and 2.35 per cent for those that are Japanese-owned.

The findings come from a survey of 600 organisations by the Industrial Society following concern from employers about levels of absence among workers. Government figures show more than 200m working days and over £9bn in production is lost each year in Britain.

The survey also shows that the absence rate for UK companies is down substantially from 5.05 per cent in 1987. One reason could be increasing computerised monitoring of absence. The recession was seen by managers to have had a mixed effect – some employees improved their attendance because they feared for their jobs, others were subject to increased stress and took more time off.

The reasons for Japanese companies' greater success in controlling sick leave may include better employee communications about absenteeism and smaller working groups, the survey found. Japanese companies were also more likely to ask candidates about their attendance record at interviews and find out why employees were away after every absence, however short.

Britain in brief

Chieftains may be sold to Pakistan

Part of the army's outdated fleet of Chieftain tanks could be refitted for sale to Pakistan, defence officials said.

According to the magazine Jane's Defence Weekly, Pakistan is considering buying up to 300 of the 850 Chieftains produced for the British army in the late 1960s and early 1970s. A consortium headed by GEC-Marconi is proposing an upgrade package for the tanks.

Any sale would probably be handled by industry, which would buy the second-hand tanks from the MoD. They confirmed that Pakistan was seen as a potential outlet.

Chieftain tanks, produced by Royal Ordnance and Vickers, have been held in low regard by British soldiers. They were also sold to Iran, Jordan and Oman. Some of Iran's Chieftains were captured by Iraq during the 1980-88 war.

Business urged to back schools

Mr John Patten, Education Secretary, has urged business executives to become more involved in education to ensure that young people leaving schools and colleges have the skills employers need.

Speaking at a CBI conference in London, Mr Patten said that business was being given much more information about schools' performance, through league tables on examination results. Employers who were unhappy about the standards of education of school-leavers should take it up with the schools concerned.

UK base for genetics centre

The UK is to be the site for an international genetics centre.

Mr William Waldegrave, minister for science, said an £8m UK bid – funded jointly by the government's Medical Research Council and the Wellcome Trust, the largest medical charity – had fought off competition from Germany and Sweden. The new European Bioinformatics Institute will provide information about human, animal and plant genes.

LibDems to fight VAT rise

Liberal Democrats will oppose any increase or extension of Value Added Tax (VAT) in next Tuesday's Budget, Mr Alan Beith, the party's treasury spokesman, said. He said an increase would hit fragile consumer confidence, adding: "We don't think there should be any general tax increase in this Budget."

He called on the government to clear up the confusion caused in the horse bloodstock industry by different VAT rates across European Community countries.

London buses

About one third of London's buses stayed in their depots yesterday as drivers and conductors staged a one-day protest strike over pay and conditions which a majority of them have already accepted.

Titaghur buys Scots estate

The 16,500 acre Knoydart estate, in the west highlands of Scotland has been bought for £2m by Titaghur, which claims to be the world's biggest jute manufacturer, employing 18,000 people in India.

The estate, includes eight miles of coastline, a lodge, salmon and trout fishing, woodland, and three mountains. Titaghur has also bought sporting rights to a further 8,000 acres.

Water inquiry

The Monopolies and Mergers Commission is to investigate the efficiency of the British Waterways Board, the body responsible for Britain's canals, as part of its programme of examinations of nationalised industries. Its report is due by September 7.

Joint ventures worth £1bn put forward

By Andrew Taylor, Construction Correspondent

AN airport for Sheffield, a power station for London docklands and a bridge across the River Tyne are among 21 development projects identified yesterday by the government as candidates for joint ventures between private investors and public authorities.

The projects, costing more than £1bn, were identified by Mr John Redwood, environment minister, in a bid to persuade construction companies and banks to take advantage of changes in Treasury rules making it easier to raise private finance for infrastructure developments.

The changes mean that public subsidies may be used to supplement private investment in schemes which otherwise might not go ahead.

Treasury guidelines, stipulating that private sector schemes could only proceed if they were cheaper than public sector proposals, have also been relaxed.

Many of the schemes proposed by Mr Redwood would involve handing over publicly owned land to private investors. Companies would be able to use profits from property developments to help pay for infrastructure investments.

In other cases private investment would be supplemented by local authority capital receipts and the existing £600m a year urban development corporation, urban partnership and City Challenge budgets, said Mr Redwood.

The minister said at least one British financial institution was considering launching an "infrastructure investment fund" to take advantage of new opportunities. He expected the ratio of private to public investment to be much greater than "the normal four-to-one or five-to-one".

In some cases schemes might be financed totally by the private sector. Mr Redwood will outline his proposals to senior executives of construction companies at a meeting later this month.

The plans include a £55m new Sheffield airport. A private investor would build and operate the airport and receive 50 acres of land for a business park.

UK national lottery may cost £500m to establish

By Raymond Snoddy

THE TOTAL cost of setting up the UK national lottery, likely to be the biggest in the world, could be around £500m.

The scale of the project was set out by Mr Craig Watson, a vice-president of GTEC, the US company which claims more than a 70 per cent share of the world market for computerised lottery systems.

The system, which is likely to have about 20,000 terminals to sell and check tickets could cost between £100m and £200m.

GTEC, which either operates or has supplied equipment to 58 lotteries around the world intends to bid for the main licence to operate the UK lottery.

The national lottery bill is going through parliament and details are expected in next week's Budget.

Worldwide in 1991 lotteries generated revenues of $72bn with typically 50 per cent going in prizes, 35 per cent to government, 5 per cent to retailers and 10 per cent for running the system.

Ford redundancy threat blamed on Japanese plants

By Robert Taylor, Labour Correspondent

JAPANESE motor companies with plants in Britain were partially blamed yesterday by Mr Ian McAllister, Ford UK's chairman and managing director, for his company's threat to make compulsory redundancies.

His strong attack, in written evidence to the House of Commons employment committee, coincided with a vote yesterday by Ford's white-collar staff to authorise a strike if compulsory redundancies go ahead.

Leaders of manual unions meet Ford management today to discuss how redundancies will affect their members. If Ford refuses to back down, the manual unions are also expected to ballot for strike action.

Mr McAllister told MPs: "With the growing presence of Japanese transplant assembly facilities in Britain operating with the advantages of a greenfield site and extremely low levels of engineering and manufacturing integration, it should not be surprising that an established company such as Ford must shed labour to ensure its future competitiveness and prosperity."

He warned of future job losses in the UK motor industry because Japanese companies had created excess capacity in the market.

Voicing fears over the local content of components used by such companies, he added: "Their products and components are wholly designed and developed in Japan and must give rise to real concerns for the UK's technological base."

Under questioning from MPs he warned of the danger of a technological brain-drain to Japan. "Within a few years, the technical expertise which exists today in the UK supply base may no longer be capable of supporting the long range research and development requirements of the motor industry. The suppliers will become no more than 'makers' of Japanese design parts."

In evidence to MPs, Ford's senior management said only 262 more staff jobs had to go by April 16, out of the 2,100 called for last December while only 318 more manual workers were required to accept voluntary redundancy out of the 1,180 originally needed.

This suggests Ford might reach its manpower cut target without the need for compulsory redundancies.

In the ballot of Ford's 10,000 white-collar staff at its 21 UK plants, 50 per cent of 6,500 members of the Manufacturing, Scientific and Finance Union voted – 64 per cent supporting the strike call with 36 per cent against. As many as 83 per cent said they would back action short of a strike.

The vote among white-collar members of the Transport and General Workers was much narrower – 53 per cent were ready to back a strike and 47 per cent against, with 82 per cent backing action short of a strike. Staff union officials will meet Ford on March 23 to discuss the issue.

Call for new approach on Ulster rejected

By Ivor Owen, Parliamentary Correspondent

THE OPPOSITION Labour party's call for talks with the government aimed at re-establishing a bi-partisan approach to combating terrorism in Northern Ireland and mainland Britain was dismissed as a "smokescreen" by Mr Kenneth Clarke, home secretary, in the Commons last night.

Following his lead, Tory backbenchers repeatedly attacked Mr Tony Blair, Labour home affairs spokesman, accusing him of giving encouragement to terrorism while criticising the government for not being tough enough in dealing with the general crime wave.

Mr Clarke insisted that there could be no justification for Labour MPs voting against the annual order renewing the Prevention of Terrorism Act which was introduced by the last Labour government.

Mr Blair argued that independent advisers had recognised that there were fundamental objections to continuing the home secretary's powers to make orders excluding terrorist suspects from mainland Britain.

He also maintained there was widespread support for the view that a judge, and not the home secretary, should decide whether terrorist suspects could be detained by the police without any charge for more than four days.

Mr Clarke said that such demands gave "great encouragement" to the IRA and other terrorist organisations.

Lamont free to announce tough Budget, MPs hint

By Philip Stephens, Political Editor

CONSERVATIVE MPs have signalled that Mr Norman Lamont has a free hand to extend Value Added Tax, cut mortgage interest relief and freeze income tax allowances to narrow the yawning gap in the government's finances.

But an FT survey reveals the chancellor is under strong pressure from the government's supporters at Westminster to balance austerity for consumers in next Tuesday's budget with measures to boost industrial confidence and investment. A large majority of Tory MPs want him to spread the pain of deficit reduction by imposing fresh cuts in government spending plans. Around half want him to sweeten the pill with a post-Budget cut in interest rates.

Overall, the survey suggests that while any increase in income tax rates would risk a backbench revolt, the Tory party is ready to accept a wide range of other measures to boost the Treasury's revenues.

A favourable reception to the Budget from its own side will be vital if the government is to begin to restore its battered authority after this week's defeat over Maastricht. The row over Europe has left the government's control over its own supporters weaker than that of any since the 1970s.

The FT survey, based on written replies from 85 Tory MPs representing a third of the government's backbench strength, underlines also the Budget's crucial importance for Mr Lamont's own reputation. Nearly two-thirds judge his performance as chancellor as "fair" or "disappointing". Only six per cent say he has done an "excellent" job.

The survey coincides with a hardening of opinion within the cabinet in favour of immediate action to reduce the deficit. Mr Douglas Hurd, Mr Michael Heseltine, Mr Kenneth Clarke and Mr John MacGregor are among senior ministers supporting tax increases.

Among the key results of the survey are:

- Mortgage interest relief, once sacrosanct, is now regarded as a target for savings by 53 per cent of the government's supporters.
- Nearly two-thirds of Tory MPs want a fresh round of public spending cuts.
- Nine-tenths want special measures to help industry and promote investment, with the emphasis on capital allowances and help for small businesses.
- Around half see the extension of VAT to domestic fuel and newspapers and non-indexation of personal income tax allowances as preferred ways to raise revenue.
- Most Tory MPs are braced for sharp increases in the excise duties on petrol, vehicles tobacco and alcohol.

Drinkers at the London beer festival yesterday taste some of the products at the centre of a row on excise duties

Cuts urged on alcohol and tobacco duty

MR NORMAN Lamont, the chancellor, yesterday faced growing demands for a reduction in excise duties on alcohol and tobacco in next week's Budget, Philip Rawstorne writes.

A report from the free-market Adam Smith Institute said present "excessive" rates of taxation were costing the economy £20bn a year. "If the chancellor wants to close his budget deficit, he should be reducing taxes on alcohol and tobacco," it argued.

The Brewers Society, meanwhile, said beer sales fell last year to their lowest level since 1970, and called for a staged reduction in "the unacceptable tax burden".

High taxes combined with the recession depressed beer production to 32.25m barrels, a decline of 3 per cent, the society said.

"The prospects for 1993 are far from good as the flood of duty-paid imports from France continues to undermine British pubs, off-licences and jobs," the society added.

"Within one month of the single market, duty-paid imports are already equivalent to almost 10 per cent of beer drunk at home."

The report, by Mr Barry Bracewell-Milnes, a tax economist, suggested that the economic loss from alcohol taxation – due to the distortion of competition – amounted to £7.57bn a year, a quarter of the gains expected from membership of the European single market.

Because UK duties were so high consumers sought to avoid them by shopping overseas. Retailers in south-east England were facing ruin and the chancellor's tax-base was shrinking as a result, he said.

The institute said that, while the chancellor might be better off by putting a penny on a pint of beer, he could raise an extra £1.22bn by slashing the tax on spirits by 60 per cent and could gain a little extra by reducing tax on wine.

Policy towards excise duties on alcohol had been "a bundle of inconsistencies" and could be expected to collapse, the report added.

NatWest admits to delay over card action

By Andrew Jack

NATIONAL Westminster Bank admitted yesterday it had waited five weeks after learning that it had overcharged several thousand credit card customers before taking any action.

The error, which resulted in payments being credited to the wrong accounts among 15,000 World Wildlife Fund Visa card customers, was discovered in January. But NatWest said yesterday an official in its card services unit had decided only to adjust the accounts of customers who complained.

Only after one customer contacted a more senior manager did the bank decide to contact and compensate the remaining card holders who were affected. NatWest is understood to have launched an internal investigation and is expected to determine in a few days whether there will be any disciplinary action

Mr Trevor Blackler, general manager of UK branch business, said: "We made a mistake in how we handled the problem. We are very concerned about giving good service to our customers and we will be contacting all who are affected to apologise and put things right."

The problem occurred after NatWest withdrew its WWF affinity card in December and convert the accounts into ordinary Visa cards.

A human error in merging the accounts meant that payments from some WWF card holders in January were credited to the accounts of other Visa card customers by mistake. The procedure which led to the error was changed before February bills were sent out, although the bills themselves were not corrected.

The bank was able to identify the problem because some of the account numbers to which funds were channelled did not exist and were rejected by their computer.

Last year, NatWest was forced to alert thousands of cardholders to errors on their statements after computer software was changed.

MANAGEMENT: MARKETING AND ADVERTISING

Alice Rawsthorn asks whether Giorgio Armani's new fragrance can revive sluggish perfume sales

A smelling salt for the market

Giorgio Armani threw a party in Manhattan last month. His party planners transformed a West 57th street basement into a replica of the theatre in his Milan palazzo, complete with a grove of citrus trees.

The party was the climax of the $50m (£34.4m) launch of Giò, the women's perfume developed for Armani, the Italian fashion designer, by L'Oréal, the French cosmetics group. Giò has been on sale in Europe since the autumn and was introduced to the US last month. So far it is ahead of its European targets and has set records in the US. Saks Fifth Avenue, the New York store, sold $250,000-worth of Giò in its first three days.

If Giò's success continues, L'Oréal should achieve its aim of creating a classic perfume and a brand name from which to launch other fragrances and cosmetics. But if its strategy falters and Giò loses momentum, L'Oréal's $50m gamble will have failed.

Giò's progress is important not only to L'Oréal, but to the rest of the $13.1bn perfume industry which desperately needs a fillip after three grim years. The fragrance market has been destabilised not only by recession but by the recent expansion of the leading players: LVMH, the French luxury goods group, which launched Christian Lacroix perfume; Unilever, the Anglo-Dutch consumer products company, which bought Calvin Klein fragrances; and Elf-Sanofi, the French pharmaceuticals firm, which took over Yves Saint-Laurent in January.

The development of Giò started two years ago when L'Oréal mapped out a new strategy for Giorgio Armani fragrances, which it acquired in 1989 as part of the takeover of Helena Rubinstein cosmetics. There were then two Armani perfumes – a men's scent with respectable, if unspectacular, annual sales of $50m and a women's fragrance with turnover of $10m.

"Giorgio Armani was an under-exploited asset," said Georges Klarsfeld, head of L'Oréal's fine fragrance division. "He is one of the world's most famous fashion designers with a classic, understated style that is just right for the 1990s. We weren't making the most of the Armani name."

L'Oréal began by finding a new product. It conducted 1,100 tests over 15 months to choose a scent which would appeal both in Europe and the US, where consumers tend to prefer stronger, less subtle smells. It eventually chose a blend of orange blossom and tuberose reflecting the current trend for natural, floral fragrances.

"Choosing the product is only part of the story," said Klarsfeld. "There are four components to a successful perfume – product, pricing, merchandising and advertising. It's a bit like playing the slot machines at Las Vegas. If you get four cherries you win the jackpot. If you get two or three you lose everything."

The "jackpot" is to own one of the handful of classic perfumes, such as Chanel No5 or Trésor (launched three years ago by L'Oréal), which make annual sales of more than $120m. The profits are negligible initially because advertising typically absorbs 75 per cent of sales in the first year and 50 per cent in the second. But from the third year the advertising budget falls to 30 per cent of sales. Given that production costs are so small (less than 5 per cent) a classic then produces annual profits of around $80m.

But the risk of failure is frighteningly high. The fragrance market is intensely competitive thanks to the combination of recession and the expansion of the large groups. Paine Webber in New York estimates that only a fifth of the fragrances launched today will recoup their launch costs within three years, compared with half six years ago.

The industry is littered with corpses. LVMH is said to have lost $40m on C'est la Vie!, launched four years ago for Christian Lacroix, the French designer. L'Oréal's last big flop, Clandestine by Guy Laroche, was withdrawn after only six months on the market. There is so much competition for distribution that L'Oréal could not risk jeopardising its relations with retailers.

In theory Giò, which is pitched in the middle of the fine fragrance market with prices starting at $40, has the necessary ingredients for success. L'Oréal has the financial clout to support the launch; it is spending $50m on promotion for the first two years. The television commercials are made by director David Lynch and the press advertisements by Peter Lindbergh, fashion photographer.

In Japan, where the scent market is still small, L'Oréal is in the surreal situation of planning to spend more on advertising in the first two years than it expects to make in sales. "It sounds crazy," said Klarsfeld. "But we'll get our money back from duty-free sales to Japanese tourists."

L'Oréal is also investing heavily in merchandising. Armani, who receives a royalty on sales, has designed everything from the packaging to the display counters and sales assistants' uniforms.

His involvement has encouraged retailers to support the launch. Saks Fifth Avenue devoted all 35 of its windows to Armani products. The designer made his first trip to New York for three years for the launch party, thereby attracting pages of free publicity in the US fashion press.

Giò also has the advantage of being introduced at a time when there is a significant change in fashion – away from the slick styles of the 1980s, to the looser look of the 1990s – which could encourage consumers to try new scents. It should also benefit from the dearth of other large launches. Moreover, there are now signs of a recovery in the US fragrance market, although European sales are still sluggish.

So far the omens are encouraging. But Klarsfeld has to wait a little longer to see whether Giò has hit all "four cherries" on his slot machine.

"The real test will be whether people buy it again for its second Christmas," he said. "It's only then that we'll know if Giò is really a success."

Poland opts for TV ads

Hortex, Poland's largest fruit and vegetable processing group, is setting an example for other eastern European companies adapting to the rigours of a market economy.

The company recently decided to spend money on advertising, marketing and distribution. "We noticed that our fruit juices were no longer being sold from under the counter but standing on shop shelves," says Wojciech Zelazny, a deputy president. "So we decided to advertise."

Last month the first tailored TV advertisments were aired in a 5bn zloty campaign run by BBDO Warsaw – the first step of its kind by a Polish company, according to Dorota Walczyk, Warsaw chief of BBDO, the advertising and marketing agency.

Hortex, which recorded sales worth 3,500bn zloty (£145.3m) last year, plans to spend 50bn zloty on distribution this year.

Walczyk praises her client. "There were no differences of opinion and they were willing to learn." She may have been lucky as Brian Dunnion who heads Saatchi and Saatchi in Warsaw says Polish companies have "a producer mentality".

"They still haven't thought out who they are producing for," he says, noting this as the main problem in dealing with Polish clients. Last year his company's $15m (£10.4m) turnover in Poland came mostly from western multinational clients, but Dunnion is looking for local firms to work for. "This is where the growth is will come from."

For Walczyk speed is essential because costs – such as the price of air time – and competition are increasing.

The Hortex campaign is aimed at consumers and places less emphasis on work with retailers and wholesalers. But the wholesaler culture which has grown in Poland in the past three years decrees only goods advertised on TV move in large quantities. If the wholesalers and retailers see the juices on TV they will believe it will sell and will take larger orders, says Walczyk.

Christopher Bobinski

The scent of things to come

Commercial interest in the use of aromas is growing, writes **Tim Dickson**

The idea that different smells produce different behavioural moods is hardly new. But the commercial application of aromatics, or Musak of the Nose as some marketeers have dubbed it, looks to be growing.

Fragrance strips in magazines are already familiar – December's edition of Vanity Fair had five of them. But other examples – some quite bizarre – are increasingly found.

A Seattle bank, for instance, is planning to scent the money in its automated teller machines. A Marriott hotel in Miami has installed a $12,000 (£8,333) machine that releases floral and citrus "natural plant abstracts" into the atmosphere in its lobby (apparently to reduce stress in its guests). While several Japanese companies use aromas introduced via their air conditioners to improve staff motivation and raise productivity.

Mitsubishi's researchers have projected that office demand for smells could reach Y10bn (£59m) by the year 2000.

Not everyone approves of olfactory marketing, especially when it is employed to woo shoppers. US consumer groups have criticised the growing use of fragrances by retailers, accusing them of subliminal advertising.

Apologists say there is nothing sinister, that the nice pongs can be compared with background music, fancy lighting or plush carpeting.

Recent commercial interest – including the establishment last year in London of a specialist consultancy Marketing Aromatics – can be linked to the results of an expanding body of research into human behaviour. A US study researched the effect of odours on product perception by getting individuals to examine Nike sneakers in two rooms: one fitted with purified air, the other scented with a floral smell. Eighty four per cent of participants said they were more likely to buy the shoes, or liked the shoes more, in the scented room and many said they would pay $10 more for them in that environment.

In another exercise keyboard workers reduced their errors by 50 per cent when exposed to a citrus-scented atmosphere.

As for the specific ingredients, Japanese research claims lemon and peppermint have a stimulating effect; nutmeg and lavender reduce stress and a mix of rosemary and lemon will improve concentration.

David Fellowes, commercial director of Marketing Aromatics, is naturally an enthusiast: "Smell is the most powerful and evocative trigger we know. Yet commercially smell has been the most under-used of the senses."

Fellows says smells can be used in three broad ways: to provoke physiological responses (such as animating people or reducing stress), to bring back memories or associations (such as a Caribbean holiday), and to encourage different attitudes (essentially what the manufacturers of most cosmetic perfumes are aiming to achieve).

Marketing Aromatics lists a wide range of potential applications – from developing corporate aromas as a sort of company logo and increasing browsing time in shops to impregnating a product or packaging and improving accuracy in repetitive manual tasks. It is reluctant to talk about clients – except to point out it helped a bookshop which wanted to smell more like a library – but says it has a growing number of inquiries.

Marketing Aromatics works with the perfume companies to develop the right smells and is working with other companies on dispersal technology systems. These are claimed to be capable of broadcasting different aromas into several parts of a building at varying times of day.

In the US AromaSys of Minneapolis has researched the psychology, physiology and technology of environmental fragrancing for three years. It is developing systems for several Fortune 500 companies. Says Allyson Stewart, of AAI Consultants: "I think this whole subject is particularly interesting from a corporate identity point of view. I believe the fragrance houses are going to get more involved."

PEOPLE

Big names for small business taskforces

The small businesses which suffer most from the burden of red tape have drawn scant comfort from the announcement of the chairmen of the seven government taskforces which will look into the question of deregulation.

Their appointment follows the announcement by the government in early February of a campaign to review the 7,000 items of legislation affecting businesses.

The seven are Duncan Bluck, a director of John Swire and Cathay Pacific Airways, to head the communications and transport taskforce; Chris Spackman, managing director of Bovis Construction in charge of the construction taskforce; Malcolm Bates, deputy managing director of GEC (engineering); John Robb, chief executive of Wellcome (chemicals and pharmaceuticals); Sir Sydney Lipworth, chairman of the MMC (financial services); Nigel Whittaker, corporate affairs director of Kingfisher (other services); and Michael Heron, chairman of the Post Office (food, drink and agriculture).

The DTI says it chose people who could command respect in the industry sectors they were to examine and anyway small business owners probably would not have the time to act as chairmen. It expects task force members to spend half a day a week but chairmen will probably have to devote more time.

Small business organisations are not convinced. "The targeting is wrong because these people won't be aware of the problems affecting the 97 per cent of businesses which employ fewer than 20 people," said the Federation of Small Businesses.

The DTI says it expects small business representatives to be among the task force members and Nigel Whittaker says there are small business people among the 8-10 people on his shortlist.

The task forces, which will work closely with Lord Sainsbury, Michael Heseltine's special adviser on deregulation, have six months to complete their work.

Bodies politic

■ **Juan Kelly**, chairman of the Isle of Man Steam Packet Company, chairman of the International Chamber of Shipping and president of the International Shipping Federation, has been appointed vice-chairman of the PORT OF LONDON AUTHORITY.

■ **Raymond Birdseye**, former president of the corporate banking division of Barclays Bank in the US, has been appointed a non-executive member of the CIVIL AVIATION AUTHORITY.

■ **Robin Phipps** has been appointed director of appeals at The MALCOLM SARGENT CANCER FUND FOR CHILDREN; he moves from the Wishing Well Appeal.

■ **Albert Bocking**, md of Ingersoll-Dresser Pumps Newark, has been appointed chairman of the MECHANICAL AND METAL TRADES CONFEDERATION.

■ **Marian Hicks**, director, food issues, at United Biscuits, and former professor and director of experimental pathology at Middlesex Hospital Medical School, has been appointed a member of the PRIORITIES BOARD for research and development in agriculture and food.

■ **Gordon Hourston**, md of Boots the Chemist, has been appointed chairman of the REVIEW BODY ON ARMED FORCES PAY, in succession to Sir Peter Cazalet. He is also appointed a member of the TOP SALARIES REVIEW BODY.

■ **Brandon Gough**, chairman of Coopers and Lybrand Deloitte, has been appointed chairman of the REVIEW BODY ON DOCTORS' AND DENTISTS' REMUNERATION in succession to Sir Trevor Holdsworth.

■ **Paul Haines**, investment director of Noble Lowndes & Partners, has been appointed chairman of COMBINED ACTUARIAL PERFORMANCE SERVICES.

■ **Leslie Heaviside**, engineering director of Wormald Ansul (UK), has been elected chairman of the BRITISH AUTOMATIC SPRINKLER ASSOCIATION.

■ **Bob Siegel**, md of Oppenheimer and Co Inc, has been appointed chairman of the UK ASSOCIATION OF NEW YORK STOCK EXCHANGE MEMBERS.

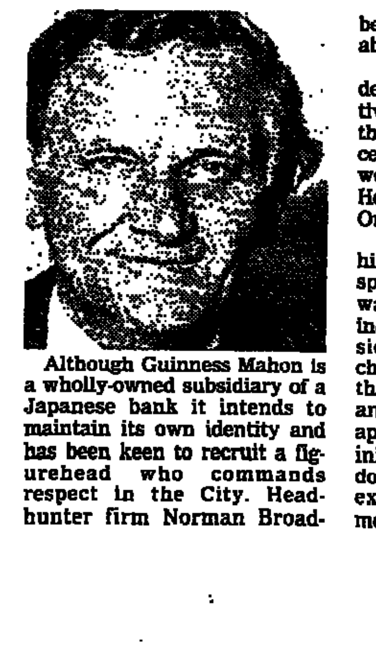
■ **Viscountess Cobham** has been appointed a part-time member of the BRITISH WATERWAYS BOARD.

■ **Viscountess Cobham** and **William Jack**, former chairman of the Building Design Partnership, have been appointed board members of the LONDON DOCKLANDS DEVELOPMENT CORPORATION.

Atterton joins Guinness Mahon

David Atterton, 66, an industrialist and former director of the Bank of England, has been persuaded to come out of semi-retirement and take on one of the more challenging jobs in the City – the chairmanship of Guinness Mahon Holdings.

Guinness Mahon, now owned by Japan's Bank of Yokohama, has been looking for a new chairman for some months to replace Geoffrey Bell, 53, who is retiring after five years at the helm. Like many small merchant banks, Guinness Mahon's loan book has been been hit by the recession, but it has been recapitalised and with a strong parent and a new management team it is keen to re-establish its name in London merchant banking circles.



Although Guinness Mahon is a wholly-owned subsidiary of a Japanese bank it intends to maintain its own identity and has been keen to recruit a figurehead who commands respect in the City. Headhunter firm Norman Broadbent was hired to find a suitable candidate.

Atterton has the right credentials. A former chief executive of Foseco, he has sat on the boards of Marks and Spencer, 3i, and Barclays Bank, as well as the Bank of England. He remains a director of Rank Organisation and British Coal.

In addition, he describes himself as a Japanophile who speaks "idiot" Japanese. He was one of the first British industrialists to set up a subsidiary in Japan which he chaired for 20 years. He says that the idea of chairing a Japanese subsidiary in Britain appealed to him. Although the initial idea was that he would do one day a week at GM, he expects to do "significantly more".

■ **Chris Cawcutt**, who resigned as personnel director of UBS Phillips & Drew last September, shortly after the sacking of the head of research Terry Smith, has turned up as a partner of fledgling consultants Fairplace.

Set up six months ago by Colin Gardner, founder of publicly quoted consultancy group D C Gardner, Fairplace now has 10 partners, including 49-year-old Cawcutt, and specialises in management development strategies, principally for City firms.

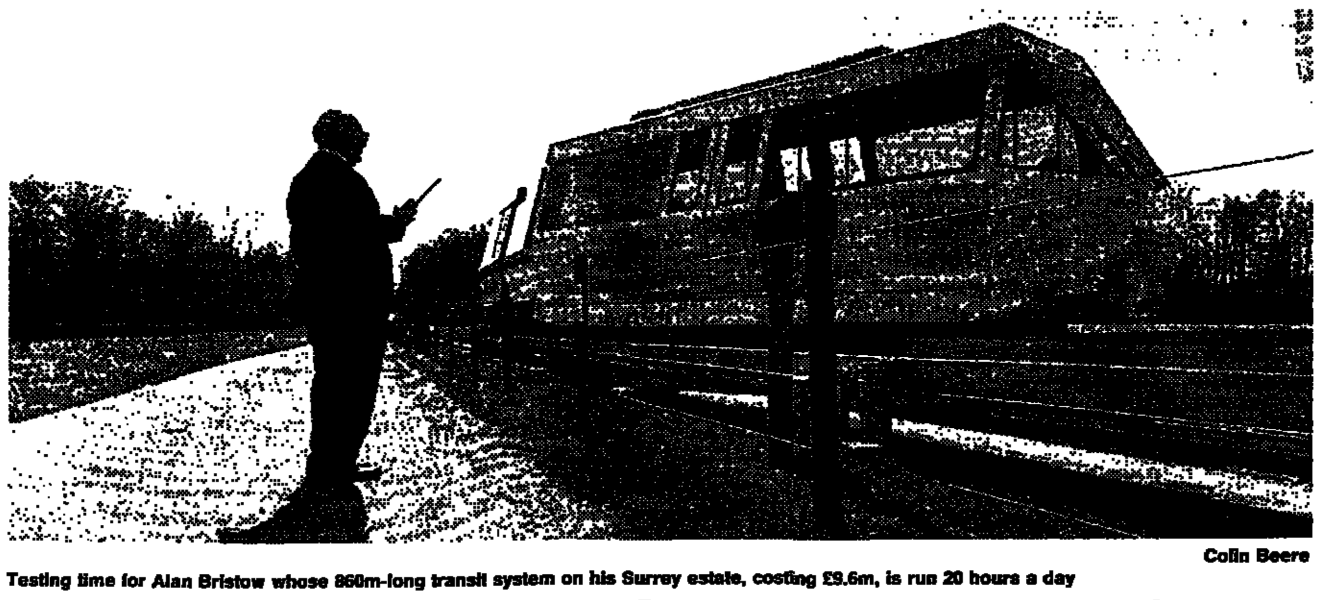
Cawcutt has spent most of his career in personnel, including ten years at Ford and a spell later at Lloyd's agency Merrett. After two years on the management consultancy side of Touche Ross, he moved to UBS P&D in 1989. He is now at pains to downplay the role of the Terry Smith affair in his departure.

"I resigned because I felt I had come to a stage in my career where I wanted more control over my own destiny," he said yesterday.

■ **Joe Hinton**, president of Mobil Europe, will retire on April 1 and be succeeded by Bill Walsh who is currently vice president for Middle East and Marine Transportation. Walsh is based in Mobil headquarters in Fairfax, Virginia, but will soon move to London.

Mobil Europe is responsible for the oil company's refining and marketing operations in Europe – a separate division covers exploration and production. The company changed its previously geographical organisation to restructure along functional lines when Hinton took over in 1991.

Walsh has been with Mobil for 35 years, including a previous stint in London as vice-president of manufacturing and supply.



Colin Beere

Testing time for Alan Bristow whose 860m-long transit system on his Surrey estate, costing £9.6m, is run 20 hours a day

On the fast track

Richard Tomkins takes a look at the Briway rapid transit system

At first sight, it looks like just the sort of eccentricity for which the English are renowned. How else to explain the presence of an urban rapid transit system running through the grounds of a 2,000-acre private estate in leafy Surrey?

Yet this rich man's train set is not just a *folie de grandeur*. It is a serious attempt by Alan Bristow, the former helicopter king, to take on the giants of the world railway equipment industry with a British light rapid transit system.

The rumbustious Bristow, 69, made millions out of serving the world's offshore oil and gas industries with his helicopter business. Now retired, he has sunk £9.6m of his personal fortune over the last five years into what he calls the Briway transit system.

Aided by a 28-strong team of specialist engineers, he has designed and built an 860m-long system on his estate and runs it 20 hours a day under test. Now all that remains is to convince someone to put it into commercial use.

Bristow says he was led into the idea in 1987 by the rise in interest in modern-day trams during the 1980s and by his belief that other systems were expensive, unattractive and based on outdated technology.

The Briway system differs from others in running not on rails, but on a flat track using quieter pneumatic tyres. It is guided by horizontally-mounted rubber-tyred wheels which run against the inside faces of guide rails on each side of the track, while power is collected through contact shoes running against conductor rails underneath the rails.

The presence of the guide rails means the system is best suited to cases where it is segregated from other traffic – for example, airport terminal shuttles. But Bristow has also developed a street-running variant guided by a slot set into the roadway and powered by overhead contact wires.

Bristow says two key features distinguish the Briway system from those of other manufacturers. It is based on existing mass-produced components from the automotive and rail industries which can be bought cheaply off the shelf, and Bristow has applied aerospace industry techniques of testing each part of the system through millions of cycles on his Surrey estate rather than expecting passengers to act as guinea pigs.

He also believes he can beat anyone on price. "By using a whole bunch of proven components and putting them together in a unique way, our price performance is superior to what people have become accustomed to paying through the nose for."

Sensitive to suggestions that his entry into the rapid transit industry might lack credibility until he finds a customer, Bristow points to the fact that Briway had been the preferred system for a proposed 2¾-mile transit in Southampton until the project was scuppered two years ago by the city council's failure to win the necessary legislation.

Undeterred by that setback, he says he is now tendering for five contracts worldwide – three of them airport shuttle schemes (two in the Far East and one in Europe) and two urban projects (one in the Netherlands and one in Denmark). Together, the projects are worth £150m, he says. Beyond that, a world market for transit systems worth £2bn beckons over the next four years.

"Of that, nearly half, or £960m to be precise, is ideally suited to Briway," Bristow says – enough to turn a toy into a serious proposition.

Ian Rodger discovers a novel method of gaining access to ski lifts which may pave the way for other security devices

Keeping good time on the slopes

Alpine skiers may not yet realise it, but they may have contributed to the improvement of our quality of life, our security and perhaps even our health.

This hitherto unsung and unknown achievement arises from the familiar phenomenon of a restless inventor noticing a problem and trying to find a solution for it.

The problem – one which every alpine skier will recognise – is gaining access to ski lifts. Traditionally, ski resorts issue lift passes which skiers keep in their pockets.

On approaching lift turnstiles, they have to drop their ski sticks, take off their gloves, fish about in their pockets for the cards, pick up their sticks and gloves and slide towards the turnstile holding the cards up for the attendants to check or to slide into a validation slot.

This procedure is awkward and time consuming and various inventors have tried to improve it.

Perhaps the simplest and most popular solution is a small locket with a spring-loaded cord. One end is attached to the skier's jacket and the other to the lift pass. Thus, the card is always available and can be pulled out quickly and easily to a validation slot.

Its only disadvantages are that the card flaps distractingly on the piste and, even though the cards are made of tough laminates, there is the danger that they can be wrenched off and lost in a bad fall. For a one or two-week pass, the cost of replacement is painfully high.

In the past couple of years, more ambitious radio-electronic systems have appeared. The most popular of these, now installed at some 150 resorts around the world, was developed by the Skidata subsidiary of Austria's Constantia, the diversified industrial group. It is based on a wrist watch, the so-called Key Watch, which, in addition to being a digital watch, can store data in various forms and can transmit a signal that opens a turnstile or lock.

The idea is that the skier buys the Key Watch for roughly $80 (£56). Each time he or she goes to a resort that has the system, the watch can be programmed by the resort operator to provide access to lifts for whatever length of time the skier intends to stay at the resort.

As the watch is expensive, the Skidata system continues to allow customers to buy and use the conventional access cards and this remains the norm for day-trippers. But skiers are obviously impressed by the watch's convenience. Since introducing the system in the 1990-91 season, Skidata has sold more than 80,000.

While that has been gratifying for Constantia, the group also quickly saw that the system could have many applications other than at ski resorts.

The Key Watch system will allow quicker access to the ski lifts

As a result, it has smothered the Key Watch with patents and installed automatic destruction devices in them to prevent snooping by would-be copiers.

The technologies used to link the watch and the turnstile or lock provide it with a number of interesting characteristics. It can be made owner-secure, with the addition of a personal identification number that can only be seen by an authorised reader. It is also reprogrammable. Thus, it could be used to identify employees in a laboratory or factory or delegates at a high-security conference.

It is already used in a few commercial parking garages in much the same way as at ski resorts. It is also used in some hotels instead of bedroom and function room keys. Other possibilities include authorisation of fund transfers.

"Our aim is to increase the uses of the watch so that it becomes more worthwhile for people to buy it," says Ernst Strohmeier, Skidata's executive vice-president of finance. Some Constantia officials are excited about the potential, conjuring up thoughts of it being used to deliver data on body functions to doctors at remote locations and similar futuristic ideas.

But Strohmeier is more cautious. "If you talk to 10 people, you can get 20 new ideas. The important thing is to find applications that are not just interesting, but that really improve a function and which can be profitable."

Schools advise on IT

Portable computers are the latest toy of many a chief executive. By May this year, they could also be the latest toy of the schoolchild.

The Department of Education has allocated £2.55m for schools in England to discover for themselves the benefits of computing on the move.

"It is the largest scheme for IT in Europe," says Fred Daly, technical director of the National Council for Educational Technology, which is in charge of the project.

Daly believes the scheme could be the start of something big. He points to the US where students starting university are advised by their colleges on which computer to buy so that they can plug into the main computer network and make use of shared college facilities such as laser printers and CD libraries.

"We're just getting evidence that parents in the UK are now buying machines for their children," says Daly.

Schools – both primary and secondary – are being asked to submit proposals for exploiting the equipment, which falls into four categories.

- Portable computers with all the power of desk-top machines, many with Windows software, would cost about £1,000 each. With probes or sensors attached the machines could be used for gathering information. And by attaching an electronic tape measure students would be able to use the laptop for measurements outside the classroom.
- Palm-top machines, costing around £300 each. Some would be basic organisers, others would have all the functions of full-blown PCs, but with a smaller keyboard. "They're very suitable indeed for small fingers," says Daly.
- Low-cost wordprocessors (£150 each) which display up to eight lines of text. These would be used for a range of writing activities in the classroom.
- Graphical calculators, costing £30-£40 which could be used in science or maths, for example, for drawing graphs.

Daly is confident that the portability of the machines will not encourage students to remove them permanently. In small-scale trials, he says, theft was not a problem.

"If teachers and children get good-quality equipment then they respond," says Daly.

Della Bradshaw

Cinema/Nigel Andrews

A trip through the centuries

Fleeing through the centuries, Virginia Woolf's Orlando was a boy-girl on the run from sexual predestination. Changing gender as she careened through 400 years of English history, "he" became "she": partly in chameleon response to a new Enlightenment, partly for the intuitive hell (or heaven) of it. Meanwhile the novel's camera-shutter changes of place and time – each time it went dark we next woke up to a new snapshot image of England in the 1600s, 1700s, 1800s – fixed the book's style somewhere in the prehistory of cinema. Time-tripping a la Muybridge or Daguerre or Julia Margaret Cameron.

Sally Potter's film of *Orlando* keeps the flickery serenity of the original. The changing tableaux, like animated lantern slides, shuttle us through the changing eras: Tudor London (Quentin Crisp as Queen Bess), Augustan tea parties (Ned Sherrin as Dr Johnson), Victorian romance (Billy Zane as a Byronic heart-throb, plus billowing shirt and black locks) to a 20th century of world war, pregnancy, free love and dawning feminism.

The final scene, which could have been daft, instead defines and seals the film's style. Tilda Swinton's Orlando sprawls Alice-like under a tree (the image makes a bookend with the matching opening), while sung to by a fuzzy-coloured pop-video angel dangling in the sky. At the same time something about female liberation is intoned by a voice-over: "She's no longer trapped by destiny..." It sounds winsome and preachy. Instead it is light, lithe and deliciously self-ironising.

We speak as one who dreaded this film. To hand *Orlando* the book to a writer-director like Sally Potter, best-known previously for feminist torture sessions like *The Gold Diggers* (Julie Christie going gnomic in the Yukon), might have been like handing a gun

ORLANDO (PG)
Sally Potter

SCENT OF A WOMAN (15)
Martin Brest

A SONG FOR BEKO
Nizamettin Aric

KNIFE IN THE WATER (18)
Roman Polanski

or club to a psychopath. But instead of shielding our heads, we are soon making Macaulay Culkin palms-to-cheeks gestures of wonder.

We are in visual heaven as soon as the jewelled 17th century scenes begin skating by. The Greenawayesque precision in sets and costumes – from G's own design team, Ben Van Os and Jan Roelfs – is married to a brave freedom in dramatic styles. Quentin Crisp camps it up with the queenly advice: "Do not fade, do not wither, do not grow old" (the story's self-fulfilling injunction). Swinton flings verbal asides and mini-monologues boldly at the camera. And everyone talks, eats and dances on skates, inventing the tracking shot 400 years before it was invented.

Though each ensuing time-hop makes its social, cultural or gender-political point, from the male chauvinist clubbiness of the Augustan salons to the vaporous romanticism of Victorian times, nothing is laboured. Potter's hurry-on-by direction and Swinton's sphinx-like ethereality as a presence – nothing so crude as "acting" ever seems to take place within this actress – mean we segue into the next historical encounter before the ink is dry on the last one. And pedagoguery is kept at bay not by avoidance but by a mocking Brechtianism. The film's chapter headings – "Death", "Love", "Politics", "History" – use a small inoculating dose of schoolroom chalk to ensure we never catch the full-blown didacticism.

Ironically, the only danger the film almost *does* fall prey to *is a sense of inconsequentiality*. Okay, so we have sped through four centuries of sexual-political evolution. But where exactly are we now? Womanhood, on the cusp of a new millennium, may be happy and fulfilled and quired to by MTV angels. Then again some women might not see it that way. Perhaps *Orlando 2* should be made, giving us a sci-fem sashay into the future, where the icons of machismo still hold out and the A. Schwarzeneggers of this world wait for a final showdown with the T. Swintons. The novel's original author might not approve. But then who's afraid of Virginia Woolf?

Miss Woolf, given half a chance, would eat *Scent Of A Woman* alive. Male bonding and male values are the entire known universe in this tale of a grouchy, blind, retired Colonel played by Al Pacino. Colonel Al needs and gets a seeing-eye minder, schoolboy Chris O'Donnell, for a last weekend on the town (New York) after which he plans to – Tss! Tss! Mustn't give away the ending.

But will you still be there for it? It comes two hours 40 minutes after the beginning. This is a dramatic span so epic that we wait for some epic events to fill it. But no. Colonel Al keeps barking out sour wisdom to young Chris. Young Chris keeps hoping Colonel Al will get him out of the moral jam he's in back at school. (The head teacher might help him to a Harvard place if he sneaks on a mischief-maker). And the ghost of Virginia Woolf keeps rattling her chains saying, "Aren't there any women in this film, except the ones Pacino either wants to lay or to wish on the virginal youngster?"

This overextended buddiness binge was scripted by William Goldman and directed Martin Brest, a specialist in male-bonding comedies (*Beverly Hills Cop*, *Midnight Run*). Inspired by a 20-year-old Italian movie called *Profumo Di Donna* (unacknowledged in the credits), it is up for a lot of Oscars. That should surprise no one. The thinking at Oscar nomination time goes like this. Give us a film in which disability, dying, teenage bewilderment and surrogate parenthood are all mixed together in a bitter-sweet Learning Experience and we will give the pseudo-humanist twaddle a shot at the statuette.

Tilda Swinton as Orlando with Quentin Crisp as Queen Elizabeth 1 in Sally Potter's film

The only true deserver is Mr Pacino. He plays Colonel Grouchy-But-Softy to the hilt. Indeed the hilt might be sticking out of him. Early on Mr P's performance is all staccato, cunningly modulated rasps, as of a man saving his energy for better, more painless times. Then, as in *The Godfather*, the Pacino economy pays brilliant dividends when the "fff" markings come along. The roars are unstopped, and the Colonel's trademark "Hahs!" or "Hoohahs!" become claps of derisive thunder from heaven.

In the last reel the old soldier's life-or-death confrontation with the youngster, across a loaded revolver, has Pacino eating up the air around him, plus the furniture, plus Master O'Donnell. Given this actorly phenomenon in its midst, Hollywood should surely fashion something worthy for him. How about *King Lear*? No, perhaps not. They would probably call it *Scent Of A Monarch*, add in a subplot about a surrogate son and then lay the overlong heartwarmer before the Oscar committee.

*

Nizamettin Aric's *A Song For Beko* is the first Kurdish-language feature film. Critical perspective buckles somewhat under the weight of this geo-historical fact. We can say that this tale of a Turkish Kurd forced into a border-hopping odyssey of flight by war and political oppression – the Iran-Iraq conflict, Saddam Hussein's gas-assisted attempts at ethnic cleansing – is stiffly acted (except by Aric himself in the lead) and plainly directed.

But the film's mere existence is a feat. Though Aric funded it from Germany, where he himself fled in 1984, it makes few attempts (orphans apart) to provide ready-access drama for an international audience. The plains forbiddingly howl, and only the subtitles mediate between you and the soundtrack's strange guttural noises. Once in a while, though, a scene invokes the universal language of despair – a landscape of slaughtered villagers, a poison-gas bombardment from the air – to erase all distance between spectator and spectacle.

Knife In The Water is the early testament of another man now condemned to pace the wilderness. Roman Polanski, ex-Polish, ex-Hollywood nomad, made this three-folks-and-a-boat black comedy back in 1962. Its queasy sex-triangle wit is unsurpassed. What better setting for a film about the destabilising swell of tension and jealousy than the ditto swell of a large, windswept lake? Though the spoken language is Polish, the body language, facial semaphore and prickly telegraphic silences are universal.

Theatre/Malcolm Rutherford

The Importance of Being Earnest

Oscar Wilde's *The Importance of Being Earnest* always had a claim to be the wittiest play in the English language. In Nicholas Hytner's exquisite new production at The Aldwych, it wins the prize hands down.

Savouring the delights, I shall come to Maggie Smith's Lady Bracknell last. There is plenty more on show. The two parts that hit you most, almost as if they had never been played before, are Claire Skinner's Cecily and Margaret Tyzack's Miss Prism. This is a Cecily who will never be upstaged by Gwendolen. She may be a girl of 18 brought up in the country, but she is fairly brimming with determination and self-confidence: a Lady Bracknell in embryo. It is no disrespect to Susannah Harker's Gwendolen to say that this is the first time that Cecily seems to be the better part. Ms Harker accepts the downgrading with grace.

The secret about Ms Tyzack's Miss Prism is that she is obviously attractive from the start: not at all the plain spinster sometimes suggested. She is a very clever woman, and not ashamed of it. And that, too, is one of the secrets of Hytner's production: *The Importance* is presented as a highly cerebral, even intellectual play. True, the women are more intelligent than the men, but that only adds to the wit. Possibly not everyone knows that "earnest" was once the in-word for "gay". That again adds to the fun: the young women in the play know this perfectly well, which is why they love the name and Lady Bracknell has a particular reason for disliking it.

Intellectual in-jokes abound, such as the frequent references to the German language. Is it a precise or a romantic form compared with English? Note the peculiarly modern use of the word "entrapped" and Cecily's near borrowing from *Lear* in "Never, never, never". Or you can equally gloss over the semantic pleasures. *The Importance* is such a good play that you can enjoy it for the plot and the performances alone.

Hytner's production pulls out every stop. The sets by Bob Crowley get better and better as we move from Half-Moon Street in London W something, to the garden then the morning room at the Manor House, Woolton. There can be few more pleasurable comic scenes than Gwendolen and Cecily together at tea outside the house.

If the men are intellectually inferior, they can still act. Watch the sudden swelling in Richard E. Grant's cheek when, as Algernon dressed in mourning clothes he confronts the brother he has invented, then banished. The facial movements are even better than most of his lines.

With incidental delights like that, who needs Lady Bracknell and how can she be played in a way that seems fresh?

Alastair Muir

Maggie Smith: superb as Lady Bracknell

Maggie Smith triumphs by presenting Lady B as an immensely well educated woman, up with all the latest statistics and intellectual fashions. To be sure, she is a snob to boot, but that makes her the more formidable: she knows how to be a snob well. She also has a respect for money and an understanding of investment.

Dame Maggie deals with the famous "handbag" line by taking it in her stride as not being especially remarkable. Then she strikes: the stress comes a little later with "the line is immaterial". This is a marvellous example of an actress teasing the audience, then creating a new reading. See towards the end the way she says of Algernon: "He has nothing, but he looks everything." Physical movements again crown the text. In short, this is a perfect evening, and it adds to the pleasure that other women should be allowed to run Lady Bracknell close.

The Aldwych. (071) 836 6404

Theatre/Andrew St George

'The Women of Trachis' and 'The Frogs'

Fifth century Athens arrives at the Oxford Playhouse with Sophocles' *Trachiniai* in Greek and Aristophanes' *Frogs* in English. The Oxford University Drama Society production deftly puts these round plays into a square theatre: both plays benefit, and both illuminate the Greek stage.

The Trachiniai (c. 450BC) tells of Herakles' death: he puts on a robe inadvertently drenched in poison by his wife Deianira, and dies horribly after she kills herself in remorse.

The director Alex Walker, with University advisers David Raeburn and Oliver Taplin have compromised between Athenian simplicity and contemporary convenience. The production shows how significant action is recoverable from the words of the plays. There are no masks, and the gestures are naturalistic rather than formulaic, but the foreignness keeps chorus and actors separate and separated.

Non-Greek speakers have to rely on the chorus, sensing the modulation of their voices and tracing their interaction with the major characters. The choric episodes use a variety of music, rhythmic verse-speaking. So exits, entrances, actions, gestures, objects, tokens, silences and sequences become more important when the language itself is occluded.

The actors – in particular Alice de Smith (Deianira), Robert Lloyd-Parry (Herakles) and Sara Kalim (Chorus leader) – speak with easy fluency, making the emotion of each interchange live in their speech and movement.

After the enervating sight of Herakles screaming from his funeral pyre on Mount Oeta, the evening offers Aristophanes' *Frogs* (405BC). While Sophocles is structured and abstract, Aristophanes is chaotic and tangible. He brings out the worst in others. Swift was caught with the howler "Aristophanes... Too bawdy and profane is"; and the Frog chorus sent 19th-century Hellenic scholarship in search of authentic "Brekekekex ko-ax ko-ax" frog calls in the inland waters of Greece.

Here, *Frogs* has been boldly modernised, keeping to the spirit of Aristophanes' scatological, political and literary humour. The god of theatre, Dionysus, despairs of "new writing" and heads to Hades for more of the old. The action centres on a debate in hell between Aeschylus and Euripides ("How dare you put me in a proscenium arch"), the first a fruity Thespian and the second a thin deconstruction worker.

The surrounding chorus comprises journalists, the principals are politicians, and the boring boatman to hell – who takes Deutschmarks only – a good stab at John Major. Out in the Styx means rap singing, Camillagate sound-bites and a quorum of transvestite judiciary. But the denizens of hell do dance the *salsa*, a fact which Virgil and Dante have concealed long enough.

Oxford Playhouse until March 13

Recital/Andrew Clements

The Arditti's Schoenberg

The Arditti Quartet launched its cycle of the Schoenberg quartets on Monday to a comfortably filled Purcell Room. There are four concerts in all, each made into an attractive package with the quartets of Berg and Webern, and a token representation by Zemlinsky, placed alongside Schoenberg's four (the posthumously published D major quartet from 1897 is not included), together with *Verklärte Nacht* and the String Trio.

The opening brought the first official Schoenberg, his Op. 7; it was prefaced by Berg's *Lyric Suite* and Webern's Five Pieces Op. 5. All are works the Arditti play with easy familiarity and the efficiency they bring to so much of the 20th-century's quartet literature. The technical difficulties of the Berg cause no problems and the thematic tangles of Schoenberg's sprawling structure are negotiated without hesitation; it is note-perfect playing with not a marking misplaced.

There was not, though, much sense of occasion in their performances, more a take-it-or-leave-it attitude which often worked against the grain of music that demands a finely judged appreciation of idiom and intensity as much as technical skill and perfect co-ordination. The Webern pieces need room to breathe, and a massive concentration of physical and mental resources; here they were reeled off almost automatically, as if they were thin little sketches rather than fiercely compressed miniatures.

Everything had been squeezed into a narrow band of dynamics between *piano* and *forte*; there were few extremes, so that both the vertiginous excesses of the *Lyric Suite* (if ever a work demanded that its interpreters delve beneath the surface it is this) and the romantic effusions of Schoenberg 1, the big tunes and the bracing counterpoint, had very little expressive power. The perfectly contained Arditti approach with its careful analytical sound may be one of contemporary music's most precious assets but for the classical texts of the Second Viennese School something richer and more searching is now required.

Purcell Room; further programmes March 11, 14 and 19

INTERNATIONAL ARTS GUIDE

ATHENS

Concert Hall Tonight, Sun, next Mon, Wed, Fri: Marc Soustrot conducts Grischa Asagaroff's staging of Cavalleria Rusticana, with Agnes Baltsa and Marina Krilovici alternating in the part of Santuzza. Tomorrow: Ross Daly jazz group. Sat: Tatsis Apostolidis violin recital. March 24: Salvatore Accardo violin recital. March 29: Samuel Ramey (722 5511)

BARCELONA

Compania Nacional de Teatro Clásico presents Cervantes' La Gran Sultana at Mercat de los Flors March 16-24 (318 8599). The next opera production at Gran Teatre del Liceu is Carmen, opening next Wed. Uwe Mund conducts Nuria Espert's staging, with alternating casts including Kathleen Kuhlmann, Neil Shicoff and Kristinn Sigmundsson. Eight performances till March 28 (412 3532)

● Information and booking for cultural events available through Caixa Catalunya from 08.00 to 14.00 (310 1212)

BOLOGNA

Teatro Communale Mon: Shura Cherkassky piano recital. Tues (in Palazzo dei Congressi): Ballet of Teatro Colon, Buenos Aires. Next opera production: Adriana Lecouvreur opening March 23 (529999)

FLORENCE

Teatro Communale Tues: Bruno Campanella conducts first night of revival of the Ponnelle/Milan production of La Cenerentola, with Raul Gimenez, Gino Quilico, Claudio Desderi and Jennifer Larmore. Eight performances till March 28 (277 9236)

GENOA

Teatro Carlo Felice Tomorrow and Sat afternoon: Yuri Ahronovich conducts orchestral works by Brahms and Musorgsky/Ravel, with violin soloist Mario Trabucco. Sun afternoon: Jan Latham König conducts final performance of Alberto Fassini's production of Roberto Devereux. Next Thurs: first of five performances by Balletto di Toscana of Prokofiev's Romeo and Juliet, choreographed by Fabrizio Monteverde (589329)

LONDON

THEATRE

● Playland: Athol Fugard's latest play about the changes in South Africa, starring John Kani of Johannesburg's Market Theatre (Donmar Warehouse 071-867 1150)

● On the Piste: John Godber's entertaining new comedy about sex and snow on Alpine slopes (Garrick 071-494 5085)

● Crazy for You: the new Gershwin musical comedy (Prince Edward 071-734 8951)

● Carousel: Joanna Riding and Michael Hayden star in a triumphant revival of the Rodgers and Hammerstein musical. Till March 27 (National Lyttelton 071-928 2252)

● No Man's Land: Pinter's sharply comic play, with Paul Eddington and the author (Comedy 071-867 1045)

● Lost in Yonkers: Rosemary Harris and Maureen Lipman in Neil Simon's weighty comedy (Strand 071-930 8800)

● For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

OPERA/DANCE

Covent Garden Tonight and Sat: Mark Ermler conducts Andrei Serban's production of Turandot, with Gwyneth Jones. Tomorrow, next Mon, Wed, Sat: Colin Davis conducts Harry Kupfer's new production of La Damnation de Faust, with Olga Borodina, Jerry Hadley and Samuel Ramey. Tues: Royal Ballet mixed bill including works by Bintley and Forsythe (071-240 1066)

Coliseum ENO repertory this month consists of Don Pasquale (tonight and Mon), Rigoletto (tomorrow) and The Mikado (Sat and Tues), plus a new Monteverdi/Bartok double bill opening on March 20 (071-836 3161)

Sadler's Wells Tonight, tomorrow, Sat: Compagnie Philippe Genty. March 19, 20: Ute Lemper (071-278 8916)

CONCERTS

South Bank Centre Tonight: David Willcocks conducts Haydn's Creation, with Lesley Garrett and Willard White. Tonight in QE Hall: Cristina Ortiz piano recital. Tomorrow: Simon Rattle conducts CBSO in works by Britten, Bridge and Ravel. Sun: Evgeny Svetlanov conducts Philharmonia Orchestra in Beethoven and Rakhmaninov. Sun in QE Hall: Paul Crossley plays Debussy piano music. Mon: Rattle conducts London Sinfonietta in Bartok, Janacek, Vaughan Williams and Stravinsky. Tues: concert on theme of Mozart and Bayreuth. Wed: Lawrence Foster conducts Robert Saxton's Concerto for Orchestra, with Alfred Brendel soloist in concertos by Haydn and Beethoven. Wed in QE Hall: Matthias Bamert conducts London Mozart Players. Next Thurs: Mariss Jansons conducts LPO. March 19: Kathleen Battle. March 20: Giulini conducts Philharmonia (071-928 8800)

Barbican Sun and next Wed: Mstislav Rostropovich conducts London Symphony Orchestra and Chorus in concert performance of Peter Grimes, with Ben Heppner, Nancy Gustafson and Bryn Terfel. Mon: St Petersburg Symphony Orchestra. Tues: Nash Ensemble plays Britten, with vocal soloists Joan Rodgers and Jean Rigby. Next Thurs: Rostropovich gives world premiere of Robert Saxton's new Cello Concerto (071-638 8891)

LUXEMBOURG

Théâtre Municipal Tomorrow and Sat: Gilbert Kaplan conducts RTL Symphony Orchestra in Mahler's Second Symphony (470895)

MADRID

Aries de Saluzzo Quartet gives a recital tonight at Auditorio Nacional de Musica. Tomorrow, Sat, Sun: Maximiano Valdes conducts Spanish National Orchestra in works by Weber, Gerhard, Debussy and Scriabin, with violin soloist Angel Jesus Garcia. Next Tues and Wed: Tokyo String Quartet plays works by Haydn and Bartok (337 0100). Next opera production at Teatro Lirico La Zarzuela: Puccini's Trittico, opening March 25 (429 8225)

MILAN

Teatro alla Scala Tonight: Mariana Nicolesco song recital. Tomorrow, Sun afternoon, next Tues, Wed, Thurs, Fri, Sat: Riccardo Muti conducts Giorgio Strehler's production of Don Giovanni, with alternating casts including William Shimell, Carol Vaness and Cecilia Bartoli. Sun evening: Salvatore Accardo, accompanied by Dmitri Sgouros, plays violin sonatas. Mon: Tokyo String Quartet. March 22: Israel Philharmonic Orchestra (7200 3744)

PRAGUE

CONCERTS

Sat in **Smetana Hall**: Ars Rediviva play works by Couperin, Lully and Leclair (232 2501). Tues in **Dvorak Hall**: Piotr Anderszewski plays Bach's Goldberg Variations. Wed: Skampov Quartet plays works by Beethoven, Petr Eben and Martinu. March 23, 24: Wolfgang Sawallisch conducts Dvorak (266 0111)

OPERA

National Theatre has Dalibor tonight, The Bartered Bride on Sat, The Devil and Kate on Sun, Hurnik's The Lady Killers on Tues and Lucia di Lammermoor on Wed (205364). Estates Theatre has performances of Le nozze di Figaro tomorrow, and Don Giovanni on March 26, 29, 31 (228658). Prague State Opera has Otello tonight, Salome tomorrow, Entführung on Sat, Rigoletto on Sun and Madama Butterfly next Wed (265353)

ROME

Teatro Olimpico Tonight: Dmitri and Vladimir Ashkenazy play clarinet sonatas by Hindemith, Prokofiev, Schumann and Brahms. Next Thurs: Kronos Quartet (323 4890)

Teatro dell'Opera Tonight, Sat, next Tues and Thurs: Mayerling, new opera by Barbara Giuranna. Tomorrow, Sun: Die Fledermaus. Mon: Bernd Weikl song recital.

European Cable and Satellite Business TV
(All times are Central European Time)

MONDAY TO THURSDAY

Super Channel: European Business Today 0730; 2230

MONDAY
Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630

WEDNESDAY
Super Channel: Financial Times Reports 2130

THURSDAY
Sky News: Financial Times Reports 2030; 0130

FRIDAY
Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530

SATURDAY
Super Channel: Financial Times Reports 0930
Sky News: West of. Moscow 1130; 2230

SUNDAY
Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Braced for a loud grinding of gears

BOOK REVIEW

THE FATE OF HONG KONG
By Gerald Segal
Simon & Schuster. £16.99
234 pages

Hong Kong will be returned to Chinese sovereignty at midnight on June 30 1997. However, that is virtually the only thing that we know with certainty about its future.

As Gerald Segal points out, the transfer is one fixed point set upon an ever-changing canvas of wider events, which will both affect and be influenced by the fate of Hong Kong.

The three main players in the drama naturally tend to view it from their own perspectives. China's priorities have been to recover the territory first, and to ensure mutual prosperity second. Britain, having decided that it had no option but to give up Hong Kong, has been concerned to withdraw with as much dignity as is possible when handing over 6m flourishing capitalists to a ruthless communist regime. Hong Kong people have had to decide how best to position themselves for their own prosperity and security.

The value of Segal's book is that it stands back from these rather narrow and emotionally charged approaches, and examines Hong Kong dispassionately as an international issue. Segal, a Canadian-born academic who is senior fellow at the International Institute for Strategic Studies in London, attempts to look into Hong Kong's future beyond 1997 by reference to a range of external factors. By far the most important is the course of political and economic development within China. Segal postulates various possible outcomes, from mass exodus to smooth convergence with China.

To focus on outside factors affecting Hong Kong is, by implication, to accept the premise adopted by negotiators in Beijing and London – at least until the recent more determined attitude taken by Mr Chris Patten, Hong Kong's governor – that Hong Kong people themselves have little say. Segal comments, however, that they have shown little initiative over their own fate. Those that have, have chosen to leave. A low turnout in the 1991 Legislative Council elections made it hard to argue that they were struggling to avoid Chinese rule.

The current battle over modest democratic reforms proposed by Mr Patten is important in this context in that the governor has challenged Hong Kong people to stand up for themselves. If, out of deference to the future sovereign or simply out of apathy, they do not support an increase in representation, there would be little willingness in Britain to pursue the argument.

The fate of Hong Kong, especially if it is unhappy, could touch many countries. Since it will be a very high-profile part of China, it will affect China's international relations, for example with the US. It could create pressure for mass immigration of Hong Kong people around the world. Attempting

Some countries view Hong Kong people as an asset for which to compete

to assess the role of the other countries in Hong Kong's future, Segal gets bogged down in examination of emigration trends. But there is no denying that emigration has already sapped Hong Kong's dynamism. Canada's aggressive immigration policy underlines the fact that Hong Kong people are viewed by some countries (not Britain) as an asset for which to compete, possibly to Hong Kong's detriment.

Hong Kong itself is likely to be an influence on the rapidly changing country which it is joining. Segal's analysis of how it will fit into China is the most interesting part of the book. China's growth, particularly in the areas around Hong Kong, is creating shifts in relations between Beijing and the provinces. Hong Kong's economy has become increasingly interdependent with that of neighbouring Guangdong province, and particularly the prosperous Shenzhen special economic zone across the border. If economic development is accompanied by decentralisation of political power, it is possible that the Hong Kong tail will wag the Guangdong dog. Under this rosy scenario, Beijing's pragmatism would allow 1997 to pass unnoticed, and Hong Kong would then lead a newly industrialising south China economic zone.

Such optimism could be supported by China's pragmatic "one country, two systems" concept, its blurring of the geographical boundary by developing the areas around Hong Kong, and its increasing investment in Hong Kong and use of it as a financial and trade entrepôt.

Segal, however, expects a more prosaic fate: not collapse, but "a loud grinding of gears as the cog of Hong Kong fits into the larger China". He suggests that Hong Kong's dynamism will slow, to the pace of an albeit accelerating China, partly because of the already high rates of emigration among skilled professionals. He judges that China's rulers, while wanting Hong Kong to be prosperous, are more concerned about a smooth political absorption and would therefore accept less economic dynamism in Hong Kong if that was the necessary price.

This outcome could take many forms: Hong Kong could still lead a new growth zone, or it could gradually wither. Beijing's policies, and its relations with its provinces and with other countries, will certainly be the most important factors determining whether or not the necessary conditions exist for Hong Kong to prosper.

However, Hong Kong is above all a centre for business. It is business people who will have to make individual judgments about those policies and their effects. Their decisions will determine Hong Kong's new role and the pace at which it develops. Segal is a specialist in international affairs and examines Hong Kong from that perspective. Analysis of what is likely to influence both Chinese and western businessmen in making those decisions is also necessary in order to guess the fate of Hong Kong.

Alexander Nicoll

ECONOMIC VIEWPOINT

The battle for the 'franc fort'

By Samuel Brittan

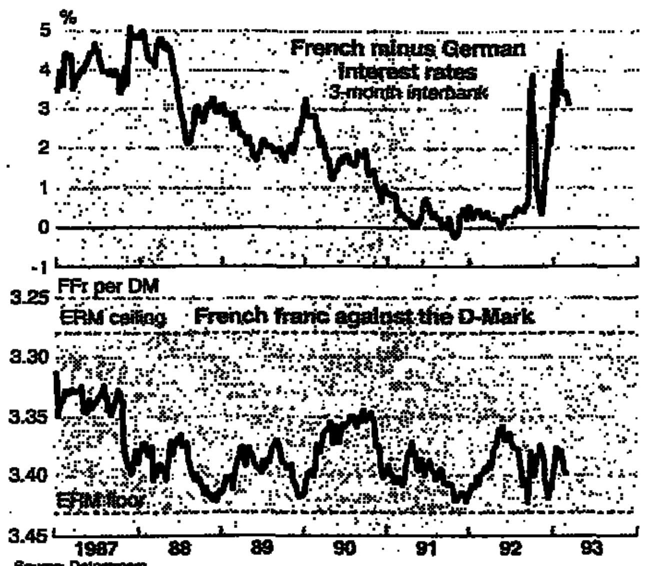
On Sunday March 21, five days after the British Budget, comes the first round of the French parliamentary elections, to be followed by a second round the following Sunday. They are much more important for the economies of western European countries, including the UK, than anything the chancellor announces on Tuesday. For they are likely to decide, at least for the time being, the fate of both the European exchange rate mechanism and the more ambitious project for European monetary union. By comparison, the manoeuvrings among British MPs over Maastricht tactics are children's games.

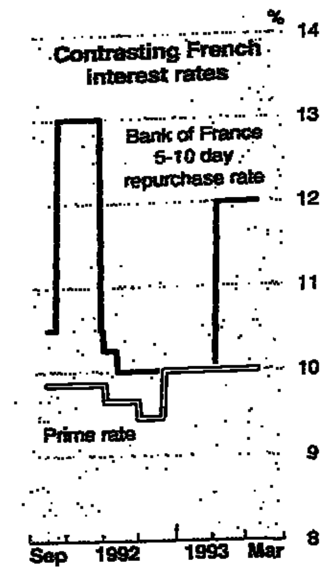
Just as the Franco-German relationship is at the heart of EC politics, it is also at the heart of EC monetary relations, symbolised by the policy of the *franc fort*. This denotes the French government's determination to stay in the ERM and not to depreciate the franc against the D-Mark. The words are also a pun on the name of the city of Frankfurt where the Bundesbank is situated.

If the *franc fort* policy survives, the nucleus will be there of a future European union, monetary and perhaps political. On the other hand, take away France from the present ERM and one is left basically with a German bloc, which will no longer be able to justify the label European. (Iberia is hardly likely to remain inside in such circumstances.)

The official Conservative opposition in France, which is a strong favourite to win the elections, is also committed to the *franc fort*. But, obviously, the prospect of a new cabinet creates extra uncertainty. The foreign exchange markets will follow closely not only the elections, but even more the subsequent negotiations to select a right-wing prime minister with whom President François Mitterrand can cohabit, and the new government's programme.

There are many things going for the franc which sterling did not have at the time of Black Wednesday, above all the enthusiastic support of the Bundesbank. While the German central bank never disguised its view that sterling was overvalued, it is fully committed to the franc/D-Mark rate. Indeed, judged by most of the so-called fundamentals, the franc should be in a stronger position than the D-Mark. French inflation is, at 2.1 per cent, half the German rate. Manufacturing unit labour costs in francs are 10 per cent





Source: Datastream

below the 1987 level. The French budget deficit is lower than the German, and the French current account is almost in balance.

Moreover, neither the German government nor the Bundesbank – in contrast to the position a couple of years ago – has any interest in a further appreciation of the D-Mark as an anti-inflationary measure. On the contrary, the German authorities wish to avoid adding to existing recessionary pressures in the export sector.

The weakness of the ERM defences in 1992 was that speculators had fixed dates at which to aim – namely the Danish and French referendums. As these dates drew near, it would have been worth moving out of suspect currencies, even if there had been only a small chance of a devaluation. For the bet was essentially one way. On this occasion, there is not so much one fixed day as a danger period, from about now to the first policy statements of the next French government.

The main thing going for the French franc is not the technical defences, but underlying sentiment. Even market participants who expect a franc depreciation do not anticipate one of more than about 5 per cent, and do not want to be caught out by a subsequent appreciation or recovery of a floating franc. Taking a position against the French currency is thus a trickier proposition than one against sterling, the lira, or the peseta, last autumn. Nevertheless many

By comparison, British manoeuvrings over Maastricht resemble children's games

English-language market analysts still predict French devaluation and are ideologically hostile to the *franc fort*.

The one development that could sink the *franc fort* would be a loss of faith in it by the French policymaking elite. Until recently the main intellectual opposition to the *franc fort* policy was – as most such movements are in most countries – an unwillingness to face the costs of getting down inflation.

More recent critics have been more difficult to dismiss along these lines. For France is undoubtedly experiencing a serious business slowdown, with industrial production some 3 per cent below the level of a year ago, and unemployment – on a comparable basis – edging up towards British rates. The problem is not that of French competitiveness. The appreciation of the franc against non D-Mark currencies since last September just about offsets a similar *improvement* in French competitiveness over the previous four years due to falling domestic costs.

Alain Madelin, the rather engaging French UDF (centre-right) politician, who broke ranks with his colleagues to embrace a floating franc, quite sensibly bases his case mainly on interest rates. It is worth giving him a hearing rather than trying to quash him with an irritable wave of the hand, as most French establishment figures do.

There is a twofold problem. Even if nominal rates were the same as in Germany, real rates would be much higher thanks to France's very success in overcoming inflation. Second, French market rates now need a 3 percentage point premium over German rates because of the election uncertainties.

The French establishment has a reply of sorts. The prime rate, which forms the basis of lending to domestic business, has been held down to 10 per cent, partly as a result of government pressure, and partly because the Banque de France undertakes some lending to the banks at below the official repurchase rate. A more important point is that the greater part of lending both to business and homebuyers, in both France and Germany, is on a medium or long-term basis.

The heretics can say that there is a limit to how long French banks can subsidise business, that short-term rates do matter even if less than in Britain, and that real long-term rates of more than 5 per cent are too high for a period of severe recession.

The policy of the orthodox French right is to reduce the cost of the *franc fort* policy by moves to boost credibility, such as early independence for the Banque de France and a fast-track approach to monetary union by the inner core. The latter idea would, however, come up against the Bundesbank, which is determined to go no faster than the Maastricht timetable, if only on the grounds that Germany itself will not be ready any earlier for monetary union. The Bundesbank is not directly responsible for exchange rate policy, but is likely to be more effective on European monetary union than it was on German monetary unification.

The paradox is that, if the *franc fort* policy had already achieved full credibility, it would no longer be needed. France would set interest rates no higher than necessary for domestic price stability and would replace Germany as the anchor country of the ERM. Unfortunately its record of stability does not yet extend long enough to do that. An experiment with slightly lower interest rates than Germany's in 1991 proved very short-lived.

In the end the speed with which, and extent to which, German interest rates come down will be the major influence on the cost of the *franc fort* and the likelihood of a new French government sticking to it. The Anglo-American analysts fail to see that the *franc fort* policy represents a political and economic achievement which it is worth fighting to preserve.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

UK position on quality standards is complex

From Mr D C MacVicker.

Sir, Your report on quality system certification is nicely provocative ("Need a quality certificate? Ask Tom, Dick or Harry", March 8).

It might have added in all seriousness that the position in the UK is more complex than in some other nations and is fundamentally affected by the past decisions of the UK government that system certification should be voluntary and that there should be a competitive mechanism for bodies offering system certification.

In my view Paul Hewlett is quite justified in expressing confidence in professional buyers and in their knowledge of national accreditation. The irony is the British Standards Institution's "concern at the loophole", for it is my understanding that BSI-QA has itself issued by far the most "unaccredited" BS5750 registrations!

In the UK, everyone should look for the National Accreditation Council for Certification Bodies' "tick and crown", but recognise that the BS5750 standards, the EN29000 series in Europe, and the ISO9000 series internationally, are the same.

D C MacVicker,
managing director,
Plant Safety,
Wilmslow Road,
Didsbury, Manchester M20 8RE

Only long-term planning will halt downward cycle in UK

From Mr David Howell MP.

Sir, Lord Howe's Budget remedies – cut spending, raise taxes – make sense as far as they go, (Personal View, March 9). But they would be more bearable if they included one vital longer-term ingredient which successive chancellors have tended to overlook.

I refer to the imperative need to raise levels of investment in the infrastructure of the country. The failure to prepare Britain's towns, urban areas, roads, railways and public facilities generally for the 21st century (or even for the 20th), in increasing contrast not just to the UK's European neighbours but even more strikingly to the modern cities of Asia, is much nearer the root of the problem than economic policy makers here realise.

It explains why Britain overheats so quickly, why stops have to be more violent and why after each phase in the cycle the UK drifts further behind, with lower revenue growth, and therefore more spending cuts and so on down the plughole.

Long ago we should not only have swept away the remaining obstacles to private investment in public services but should also have established a separate capital budget (as in Japan for example) which could be protected and even expanded while current spending economics are rightly pursued.

Please could chancellors and the Treasury look beyond one year ahead.

David Howell,
House of Commons,
London SW1A 0AA

Dogged by the spectre of doom and gloom

From Mr Patrick Brooks.

Sir, American Ambassador Raymond Seitz told Christian Tyler (Private View, March 6) that he made two resolutions when posted to the Court of St James; never to use the phrase "special relationship" and never to quote Winston Churchill. Both are laudable objectives and it would be pleasant to think that this might signal a fresh departure for the English language, with public figures all undertaking to forsake certain tired and dreary clichés for more innovative expressions and other means of getting their messages across.

However, in the course of the interview Ambassador Seitz, commenting on the current mood of doom and gloom in the UK, remarked: "There is a black dog that wanders around Britain worrying about its future. . . ." Black dog? Not related to the famous "Black Dog" that used to haunt the aforementioned Winston Churchill in his fits of depression by any chance?

Patrick Brooks,
Grande rue au Bois 77,
B1030 Brussels,
Belgium

No problem about lunching at the Garrick

From Adriana Pulido.

Sir, Regarding Observer's story, "Lady in waiting" (February 22), I would recommend that you contact the Garrick Club to ascertain its rules and regulations on the matter. If you had done so you would not have suggested someone having a "quiet word" with the Venezuelan ambassador as there was no possibility of a "diplomatic incident". Ambassador Arcaya has organised numerous luncheons at the Garrick at which ladies were present, and is very much looking forward to meeting Ann Coffey,the new Labour MP for Stockport.

Adriana Pulido,
Chargé d'Affaires,
Embassy of Venezuela,
London

Clear need for UK government to provide export credits

From Mr Alick Goldsmith.

Sir, In your editorial, "The pleas for manufacturing" (March 8), you take a sideswipe against export credit guarantees, on the grounds that they "help companies do business in countries where there is little security of payment". Really? Among the top ten markets backed by Export Credits Guarantee Department last year were Malaysia, China, South Africa, Australia and Dubai. Which of these do you view as having "little security of payment"?

The need for government backing for export credits is primarily a matter of timescale. A typical construction project overseas can take five years or more to complete. Over that period, however secure and stable the country concerned, there will always be a risk of some unforeseen political, financial or natural upheaval frustrating the smooth development of the project. Government agencies can afford to take – indeed many would say they have a duty to take – a longer view than any private company or financial institution. This is why all major exporting countries have found it necessary to establish export credit agencies to shield their exporters from at least some of the unforeseeable risks. Among such agencies, ECGD has for most of its long life been extremely successful, both in its primary task of encouraging the exports of British goods and services, and, until recently, earning substantial profits for the Exchequer. It returned to profit in 1991-92.

In recent years, ECGD has been forced by government to put the cart of prudence before the horse of export promotion. Despite some welcome steps last year to redress the balance, recent surveys continue to show that, in a number of vital markets, ECGD cover remains more expensive and harder to obtain than that provided by the equivalent agencies of our competitors on the continent and overseas.

Additional ECGD cover for crucial markets, a competitive premium, would be a vital catalyst for further growth in project and other exports, to the immediate benefit of the British economy, and at no immediate cost to the Exchequer. There *might* be a real cost at some point in the future; but any additional contingent liability would represent the sort of risks which other governments find acceptable in terms of their industrial goals.

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FINANCIAL TIMES

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Thursday March 11 1993

A strike too far for Germany

THE SAGA of eastern Germany's forced integration into a market economy during the last 2¼ years has not been a happy one. If IG Metall, the metal-workers' union, goes ahead with strikes to pursue a 26 per cent wage rise in the east German engineering industry, the story could become a tragedy.

West Germany's consensus-based industrial system has in the past succeeded in sharing out equitably the rewards accruing to a society registering steady economic growth. Confronted with the necessity of several years of belt-tightening in the west, and a still longer period of restructuring in the east, the system now looks much less able to cope.

The 26 per cent wage rise was agreed in March 1991. This was part of an overall policy, promoted by the Bonn government, for relatively fast alignment of east and west German living standards. There is now a clear case for lengthening the timetable for eastern wage increases. During the last two years, over-rapid wage rises, by depressing competitiveness in a region of chronically low productivity, have accelerated east Germany's industrial destruction.

Yet the two sides remain far apart. Mr Franz Steinkühler, the IG Metall leader, believes protecting the wage contract has repercussions for western wage negotiations. The union also argues that east German labour costs are lower than employers claim, taking into account longer working hours and lower fringe benefits. Employers, by contrast, say a 26 per cent pay rise would damage already fragile eastern manufacturing.

A rise going much beyond the 9 per cent so far offered would increase east Germany's 15 per cent unemployment rate, itself an under-estimate of true unemployment. East German hopes that Bonn will bail out hard-hit eastern industrial groups, irrespective of the cost, are quite unrealistic. Furthermore, far from safeguarding Germany's collective bargaining system, IG Metall's campaign could undermine it. Many east German employers are already opting out of the tariff system by undercutting centrally-set wage levels. An unrealistic pay increase would strengthen this tendency.

Mr Steinkühler may be overplaying his hand. But responsibility for the impasse is evenly divided. West German unions played little part in agreeing the east German wage timetable. This was largely the work of an ill-assorted alliance of directors of east Germany's state-owned *Kombinate*, officials in the Treuhand privatisation agency, and west German "advisers" – many of whom had a direct interest in putting east German competitors out of business.

Whatever the result, strike action would lead to unproductive bitterness. This would depress prospects for a self-fuelling upturn east of the Elbe, and deepen the psychological gulf dividing east from west. The Bonn government must make every effort to bring about a compromise, before the dispute ends up in a strike no-one can win.

Free or fair

WHAT SORT of trade policy will the US follow under President Clinton? There can be few more important questions.

When Mr Clinton said last month that "we must compete, not retreat", who could forbear a cheer? When he says that "if we believe in the bonds of democracy, we must resolve to strengthen the bonds of commerce," the cheers become louder. And when he says that he wants to see completion of the Uruguay Round by the end of this year, they become deafening.

Yet Mr Clinton also believes that trade needs to be "a priority element of American security" and that "many of our trading partners cling to unfair practices". Lawyer that he is, he knows the solution: "we must enforce our trade laws and our agreements with all the tools and energy at our disposal".

Market opening and unilateral pursuit of "fairness" are not, as Mr Clinton seems to believe, two sides of the same coin. They are two different coins, the latter being intellectually counterfeit. First, "fairness" is in the eyes of the beholder, the US being just one, if the biggest, of more than one hundred such beholders; second, much of what is deemed unfair is not economically damaging, while remedies for unfairness too often are; third, US trade policy is unfair too, among the most important examples being the very laws that Mr Clinton is so determined to see enforced.

That these laws are unfair should not be a controversial statement, other than to those who benefit from them. So-called fair trade laws render illegal practices, such as differential pricing, that are perfectly legal within the domestic economy; they find against practices, such as charging less than long run average cost, which are economically efficient; and they find price discrimination where the same prices are being charged in different markets. This is true not only of the US, but of others as well, not least of the European Community.

The Uruguay Round is of great importance. Yet, as the EC itself must have realised after the recent provisional imposition of anti-dumping duties on its steel exports to the US, the Uruguay Round is a small part of the trade story. Fair trade measures may well more than offset the benefits of the round as a whole.

What is to be done? A starting point must be to question whether the game is worth the candle. Mrs Carla Hills, the outgoing US trade representative, asked the International Trade Commission to study the economic effects of US anti-dumping and countervailing duty laws. Mr Clinton could do much to allay the world's fears about the drift of US trade policy, not to mention reduce costs imposed on the US economy, if he were to welcome that study. For its part, the EC should promise a similar study into its equally controversial policies. The pursuit of self-defined "fair trade" has become the canker at the heart of the trading system. It needs to be excised.

Route to success

THE CONFEDERATION of British Industry yesterday produced a report on education and training for 16 to 19-year-olds which is a welcome reminder that, even in these ill-tempered times, sensible solutions to long-standing problems can be proposed and have some chance of implementation.

Few people outside the educational/training cognoscenti are likely to read the report, which is weighed down with the usual acronyms, but its message is well known enough: the education system in Britain produces a small number of highly educated people with no training or work experience, and a rather larger number of people with training but little education. Business, as the CBI says, needs people who are numerate, literate and have core skills – the ability to communicate, to apply technology, work with others, solve problems and respond to change. The fact that it is not getting them in sufficient numbers is largely because of the Achilles' heel of education and training provision for 16 to 19-year-olds.

The CBI has come up with some interesting ideas, not all of which are brand new, but which together amount to a coherent strategy. The most radical is the plan to extend the existing experiment with training credits to embrace all training and education for 16 to 19-year-olds. The CBI proposes that over the next few years young people should be using credits to buy their academic sixth-form education and their technical training at a further education college as well as a training place with an employer.

The idea will meet with stiff resistance from the educational establishment but it has the potential to keep the educational providers on their toes and motivate young people. Through putting pressure on non-training employers it also goes some way to meet the critics of the voluntarist approach to training. Above all, providing the same form of finance for the high-status sixth-form, the low-status FE college and workplace training, it provides a boost to parity of esteem.

A useful side-effect of a universal credit system would be to raise the status of careers guidance officers, who would become crucial sources of information on where to spend the credits. The CBI rightly says that additional government investment is required in careers guidance and recommends that every young person should have at least four hours of such guidance.

The idea of a single framework of exams and qualifications stretching from vocational NVQs to academic A-levels and a system of awards mixing the academic and vocational called "careership certificates" is more problematic. The principle may be right, but it would threaten the existing system with overload. The building blocks of the system – NVQs and GNVQs – are both in their infancy, while the last official attempt to produce a combined qualification, the Advanced Diploma, has not been a success.

Australia's low-key election campaign belies its importance to continued structural reform, says **Kevin Brown**

Lacklustre in the lucky country

Australia's 11.3m voters go to the polls on Saturday facing an uninspiring choice between a Labor government that looks destined to lose and a conservative opposition that has failed to show that it deserves to win.

Snug in their taxpayer-funded air force jets, the party leaders have spent nearly five weeks criss-crossing the continent's great brown spaces, frantically quarrying middle Australia for support. They might as well have stayed at home. Voting is compulsory – on pain of prosecution – but all the evidence is that, in Lord Whitelaw's famous phrase, the politicians have been going around the country stirring up apathy.

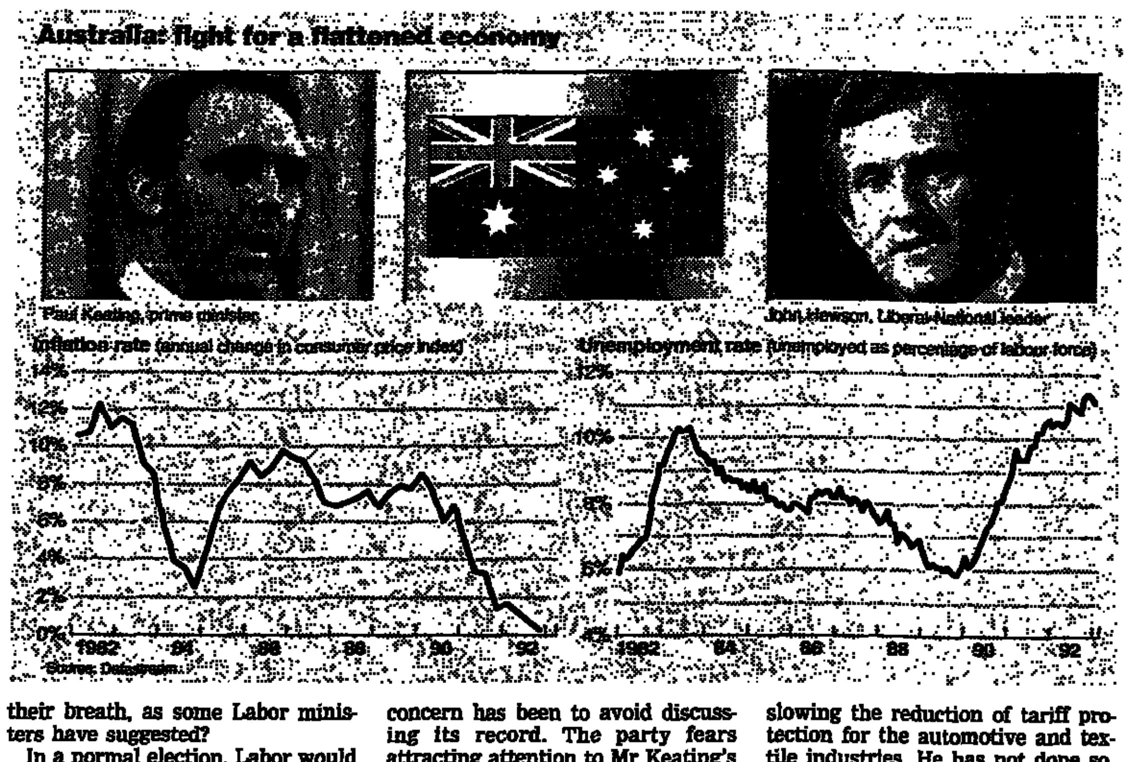
Battered by slow economic growth and high unemployment, the electorate is sullen and suspicious. It is hard to find anyone outside the party machines who actively supports either Mr Paul Keating, the prime minister, or Mr John Hewson, leader of the opposition Liberal-National party coalition. Only party officials believe Mr Keating's frequent claims that this is Australia's most important election ever. To most people it is, as The Age newspaper put it, merely the most important election since the last one.

Much of the cynicism reflects the impact of the worst recession in 60 years, which has raised the total number of unemployed to more than 1m and raised the unemployment rate to 11 per cent. Beggars have appeared in the streets of Sydney and Melbourne – only a fraction of the numbers seen in London or New York, but still a visible reminder that the lucky country can no longer take the good life for granted.

The election ought to provide an opportunity for the opposition to take the government to task over the recession. But it is failing to do so, because the campaign has been hijacked by a government attack on one element of the opposition's programme – the introduction of a goods and services tax (GST), similar to European value-added tax.

Labor's strategy has diverted attention from the recession to an interminable debate about the effect of the proposed GST on specific consumer goods and industries. The best part of two days, for example, was devoted to a row about the likely effects of the tax changes on the price of cakes in bakers' shops. (The answer depends on the kind of cake and whether the paper bag is included in the calculation.)

The irony is that Australians will be deciding a serious issue on polling day, even if it is not being put to them openly. The question is simple: are voters still committed to radical structural economic change, or do they want a pause to catch their breath, as some Labor ministers have suggested?



In a normal election, Labor would be trumpeting its record as the most successful reforming government in Australian history. Three times since 1983 Labor has won re-election by reminding the electorate that it was Mr Keating and Mr Bob Hawke, the former prime minister, who began the job of dismantling the web of protection and regulation which had isolated Australia from the world economy for nearly 90 years.

Between 1983 and 1990, Labor floated the currency, deregulated the financial system, reduced subsidies to industry and began the process of tariff reduction. It has also partly decentralised the labour market by encouraging a limited move from national wage negotiations to company-level bargaining, started privatising government businesses, encouraged greater Asian immigration, and switched the focus of trade and diplomatic efforts from Europe to Asia.

But perhaps because this is not a normal election Labor's principal concern has been to avoid discussing its record. The party fears attracting attention to Mr Keating's mishandling of monetary policy between 1988 and 1991, which pushed the economy into recession.

On the few occasions when the prime minister has been cornered on the economy, he has responded bluntly that Australia has emerged from the recession with the developed world's lowest inflation rate, at 0.3 per cent, and the strongest growth in gross domestic product – forecast by the Treasury at 2.4 per cent for the current financial year. Only once has the opposition come near to forcing him to admit that the Treasury's medium-term growth forecasts would mean an increase in unemployment over the next three years.

With the exception of sugar tariffs, which have been frozen to protect growers in marginal east-coast seats, the government has resisted the temptation to court popularity by reversing or relaxing the reforms which have already been achieved. Mr Keating could probably win votes in Melbourne and Adelaide by slowing the reduction of tariff protection for the automotive and textile industries. He has not done so, in spite of losing a Melbourne by-election last year to an independent candidate who espoused a return to protectionism.

But the government has produced no plans for further reforms, leaving the impression that it has exhausted its reforming zeal. A re-elected Labor government would probably privatise the remaining government holdings in banking and aviation, continue its pursuit of greater efficiency in service industries such as transport and the docks, and tinker further with the country's wage-bargaining system. But the campaign rhetoric suggests that the emphasis would shift back to Labor's traditional concerns with social justice and national identity, including Mr Keating's vague plans to remove Queen Elizabeth as head of state.

Mr Hewson, by contrast, has gambled that the electorate is willing to accept a further dose of radical reform, which the coalition has set out in detail in its pugnaciously titled Fightback programme. Fightback is a free-market plan which aims to cut public spending sharply and increase the role of markets in almost every section of the economy. Tariff reform would be speeded up, the centralised wage system would be abolished, and there would be a move to greater reliance on private provision of social services such as health and education. The GST would provide funds for significant cuts in personal income taxes and the abolition of half a dozen indirect taxes, including payroll tax and wholesale sales tax.

The Liberal-National coalition claims that the programme would cut business costs, create 2m jobs by the end of the decade, and increase the savings rate, which would help reduce Australia's high net foreign debt. Mr Hewson has performed well during the campaign, surprising observers who expected him to be crushed by the more aggressive and experienced prime minister. But the coalition has found it hard to counter the government's attack on the GST.

In his frequent appearances on radio talk shows, Mr Hewson tries in vain to discuss unemployment, industrial relations or the beneficial impact of the GST on exports. But callers want an answer to the same question: how will the GST affect me? Often, the opposition leader is unable to answer.

The odds remain against Labor, which has been steadily losing ground since 1983, and would lose office on a swing to the conservatives of just 0.9 per cent. That is less than the swing against the government in every election since 1966.

Labor must also overcome a strong feeling that the time has arrived for a change of federal government, following the recent defeat of Labor administrations in three of the six states. But the GST debate has improved the government's standing since the beginning of the campaign, when it trailed the coalition by 6 to 12 percentage points in the opinion polls. The latest polls, published earlier this week, put the conservatives only 5 points or less ahead.

The coalition is likely to get a boost today when official statistics are expected to show that the unemployment rate rose again in February. Nevertheless, it has lost the battle to explain its programme, and its failure is likely to translate into lost votes.

Barring a surge to the conservatives in the last few days, the most likely outcome is a narrow coalition majority. But the opposition's inability to get its message across could yet hand Mr Keating Australia's biggest upset victory since the war.

How Lamont can square the circle

PERSONAL VIEW

To tax or not to tax – that, according to most economic commentators, is the dilemma facing Britain's chancellor of the exchequer in his Budget. To tax would risk strangling an incipient recovery. Yet Norman Lamont must tax soon or the deficit will get out of hand. The most widely held view is that he should not tax in March, but should in December. This choice has been presented too starkly. The danger of inhibiting recovery arises from reducing effective demand for goods and services. But there are two ways of increasing taxation, overall, which could reduce the deficit without reducing demand.

One is by changing the tax mix. If the chancellor increased taxation on the savers and reduced it on the spenders, he could take rather more from the savers than he gave back to the spenders without reducing aggregate demand. To take an over-simplified example: if there were two groups of taxpayers of equal size, one of which saved half of any additions to their income while the other saved none, the chancellor could raise twice as much in extra taxes from the former as he returned to the latter in reduced taxes, without diminishing aggregate demand.

In general, the lower income groups save very little of any additions to income while the highest income groups save more. A change in the balance of taxation, taking more from the rich and less from the poor, would enable the chancellor to contribute to deficit reduction without harming recovery. There are many ways in which this could be achieved which could be calculated with some precision from the Treasury's economic model.

Thus, for example, the reduction in demand arising from an additional top rate of income tax of 45 or 50 per cent on, say, taxable incomes above £40,000, could be matched by an increase in the income tax threshold or an extension of the 20 per cent band. More acceptable to the Conservatives' low tax philosophy (which has really meant low *income tax* philosophy) would be to raise the upper limit for employees' National Insurance contributions and offset the demand effect by raising the lower limit.

Of course, the increase in demand could come from additional public spending. It would cost about £1bn a year to give an extra £20 a week to those unemployed for more than a year – either directly (to show that the community still cared) or subject to some "workfare" conditions. Payment to the long-term unemployed would rarely be saved and more than £1bn could be taken from higher rate taxpayers, without reducing demand.

Percentage share of equivalised post-tax income by quintile groups of households*

Quintile group	1979	1990
Bottom	9.5	6.3
Second	13.0	10.0
Third	18.0	15.0
Fourth	23.0	23.0
Top	37.0	45.0

*Equivalisation is designed to allow for different family sizes. Source: Economic Trends

The other way of reducing the deficit, by taxing without cutting demand, is to increase inheritance tax. Property owners rarely feel it necessary to save against future death duties, while inheritors only have regard to the post-tax inheritance. The state can insert a bigger tax wedge between what is left at death and what the beneficiaries receive without reducing demand. A new rate of death duty – say, 50 per cent on estates of more than £500,000 – could be added to the present 40 per cent rate.

Any fear that adverse effects on agriculture or the private business might inhibit recovery have been removed by the reliefs of successive Conservative chancellors. The contribution to deficit reduction by an increase in inheritance tax would be small, but a useful start. Moreover, because of the much increased opportunities for accumulation by the wealthy which have been provided by the Conservatives, an inheritance tax increase should prove an expanding source of revenue, especially if the easier avoidance loopholes were blocked.

Many people would see these measures as desirable in their own right. One of the least attractive features of the Thatcher years has been the enormous increase in income inequalities (see table). Changing the tax mix would be a modest offset. Moreover, if the higher tax were seen as a specific measure to help the long-term unemployed, even some of the payers might not be too displeased.

As for death duties, it has always been inconsistent that the party which stressed the enterprise culture and pay-related performance should favour low death duties. The characteristic of inheritance is that the beneficiaries' receipts are unrelated to any contribution (with the possible exception of spouses, who are exempt anyway). Perhaps the need to curb the deficit could even promote a little more consistency in the Conservative philosophy!

Cedric Sandford

The author is emeritus professor of political economy of the University of Bath and former director of Bath University Centre for Fiscal Studies.

OBSERVER

Welcome on the inside

■ A nice little earner could be in the offing for ex-Granada chief executive Derek Lewis, now gone from the leisure and entertainments industry to inject entrepreneurship into the UK prison service.

With its rebirth as a free-standing agency only three weeks away, the service is afflicted with a problem more often found in show business – how to drag them in. With no fewer than 7,000 vacancies in its cells, according to an internal briefing document, the service is operating well below capacity.

True, the prison population has risen by 2,000 since the count of just over 40,000 in December. But that is merely a normal seasonal increase, the document says; the potential captive audience that once awaited in police station cells has run out. So what to do?

While wanting the service to be more entrepreneurial, the government might draw the line at a campaign to promote a capacity-filling crime-wave. And although prisons' running expenses are only a quarter of the police-cell figure, their daily cost of about £60 a customer would price them out of the standard hotel market.

Considering Lewis's background, however, a solution should certainly not be beyond him. One obvious possibility is to follow the theme park trend. After all, the Dartmoor Experience could well prove as big a draw as the London Dungeon.

Balanced

■ Accused of having sinister lunches with noted opponents of Maastricht such as Margaret Thatcher and Labour's Bryan Gould, the Treasury chief secretary Michael Portillo is on the counterattack. He's letting it be known he has also lunched not only with strongly pro-European ex-premier Edward Heath, but – as recently as Tuesday – with Hugh Dykes, Europhile Tory MP.

Con jobs

■ High unemployment is evidently proving good business for some, and on an international scale. Witness, for example, the 30 would-be workers from South Africa marooned in Bahrain.

Having been offered lucrative locally advertised oil-rig jobs in Kuwait with "Offshore International", they each handed the supposed company's agent nearly £5,000 for travel costs and a "character premium" to ensure they would serve for a specified time.

The organiser travelled with them part-way, promising that a courier would be waiting in Bahrain to take them to the site. When he failed to materialise, they checked and discovered there was no such company, and of course no jobs.

'If you can't sleep, try counting Maastricht amendments'

But the con artist responsible, who had an Australian accent and claimed Irish origins, seems unlikely to be the same conman wanted for interview by the British police. He has been purporting to recruit sales staff and asking applicants for advance payments to cover costs.

With convincingly English restraint, however, he is charging only £6.75 a head.

Blind hope

■ Why the extravagance of new curtains at the Moorgate Place headquarters of the Institute of Chartered Accountants in England and Wales? The better to hide its substantial reserves while clamouring for swingeing subscription increases, according to the buzz.

Although members grudgingly accepted a rise for this year, they're jibbing about doing likewise for each of the next two.

So even if that isn't curtains for the institute's plans for further increases, perhaps they'll be shaded down.

Overkill

■ Brand names ought to be one of a company's greatest assets. So why should GEC drop the Ferranti brand name, a share of which it acquired along with Ferranti Defence Systems from the fraud-broken Ferranti International in 1990?

Probably the best bit of the business remaining, the Edinburgh-based defence systems is built on radar and navigation expertise. Though facing a tough market post-cold-war, it will provide the radar for the Eurofighter and may be healthier than the independent rump of Ferranti, still short of returning to profit since the split.

But come the end of the month, the Ferranti name will vanish from the GEC empire, at least. GEC Ferranti is to be swallowed up by Marconi Avionics, and the headquarters will switch from Edinburgh to Rochester in Kent.

The change is to do with "optimising the management of the businesses in a tough international market", it's said. But Observer doubts that such phrases will help what will soon cease to be GEC Ferranti salesmen to explain to puzzled foreign customers why a snappy name with a good industry reputation should disappear.

Second match

■ When lighting up a gasper after reporting record cigarette profits on National No-Smoking Day, BAT Industries' Sir Patrick Sheehy wasn't raising two fingers at the anti-tobacco lobby. He customarily has a post-meeting fag.

But he did point out that the coincidence was not the first of its kind. The company's recent agm had been held on International No-Smoking Day, which the lobbyists had described as "a PR cock-up".

"This makes a notable double," the 62-year-old chairman said unabashed.

In the soup

■ Tokyo airport police uncovered an illegal shell operation when they arrested 35-year-old Chopradit Pichest arriving from Bangkok.

Besides having 121 eminently saleable rare turtles pouched in a special smuggler's vest, he had 14 more in a whisky bottle and a further 40 in a flight-bag. All were alive.

FINANCIAL TIMES
Thursday March 11 1993

Mitterrand in row over 'jobs for the boys' before French election

By David Buchan in Paris

PRESIDENT François Mitterrand yesterday came under a barrage of opposition criticism for using the civil and diplomatic service to find jobs for Socialists facing defeat in this month's parliamentary election.

Mr Pierre Joxe, defence minister, was yesterday nominated president of the Cour des Comptes, the body which vets public spending. Responsibility for the defence ministry was assigned to prime minister Pierre Bérégovoy. Le Figaro newspaper quoted a military officer as suggesting the opposition should take over the defence ministry immediately, in anticipation of its inevitable victory in the two rounds of voting on March 21 and 28.

Mr Alain Juppé, secretary-general of the RPR gaullists, said it was shocking to see a defence minister abandon his post when 14,000 French soldiers were out on often risky operations. The RPR leader complained that every morning was bringing news of Socialists being "stuffed into diplomatic jobs, prefectures, central and local government". From the left, a Communist deputy commented wryly that by taking care of his "chums" the president wanted to make sure that he was not adding to unemployment.

Elysée officials countered that Mr Joxe had started his career in the Cour des Comptes, was not standing for election and that the timing of his appointment had been dictated by the previous financial controller reaching statutory retirement age this week.

Amid all the campaign-trail accusations, however, it is clear that Mr Mitterrand is getting ready to exercise his constitutional right to run foreign policy, in anticipation of a RPR-UDF centre-right victory.

Both the Elysée and the foreign ministry yesterday flatly rejected opposition allegations that Socialist sympathisers were being favoured in the reassignment of some 30 ambassadors since the start of the year. All those appointed are career diplomats, they pointed out, though it was admitted that those who have substantially made their careers during two five-year stints of Socialist government (1981-86 and 1988-93) may be seizing new posts for fear of being victimised by the incoming administration.

The Elysée also denied allegations that a new computer system hooking the presidential staff into the foreign ministry's diplomatic cable traffic is designed to enable Mr Mitterrand to bypass a future conservative foreign minister by issuing his own instructions direct to France's embassies abroad. Elysée officials said that the system was planned two years ago and is designed to keep the president informed.

But there are strong rumours that Mr Roland Dumas, the foreign minister, may go to the Elysée as foreign policy adviser if he is defeated in his parliamentary seat. Mr Juppé warned that, just as in 1986-88 when the centre-right governed, foreign policy would be "the most difficult element of the cohabitation" with the president.

The RPR leader indicated that the incoming conservatives might want to be even more protectionist towards the outside world than the Socialist government. There was, he said, a growing consensus in France that the rules of international trade needed to be changed. Inside the EC, it was fruitless to alter Britain's pro-free trade stance which, he said, had been "catastrophic" for that country, but France had "political cards" to play in influencing Germany. Paris, for instance, could support Germany's being given a permanent seat on the United Nations Security Council.

US pharmaceuticals groups seek antitrust exemption

By George Graham in Washington

US pharmaceutical manufacturers are to ask the Justice Department for an exemption from prosecution under US antitrust laws so that they can discuss ways of controlling drug prices.

The drug industry has come under attack in recent weeks both from Congress and from the Clinton administration. They have said the industry's products are more expensive in the US than in other countries and that it has failed to live up to pledges to limit price increases to the rate of consumer price inflation.

But at a meeting with White House officials earlier this week, representatives of the Pharmaceutical Manufacturers Association and of the leading drug companies endorsed President Bill Clinton's plan for reforming the US healthcare system and gave their support to specific measures to curb price increases.

The drug makers' association will submit a letter to the Justice Department by the end of this week asking for permission for companies to discuss price restraints and enforcement mechanisms – discussions which would normally be outlawed by US antitrust laws.

The association also urged the administration to seek commitments to price restraint from individual companies. Already, 10 leading manufacturers representing around 40 per cent of the market have independently made such pledges.

At this week's meeting with Mr Ira Magaziner, a senior White House adviser on domestic policy issues, the industry representatives gave their support to the "managed competition" approach which Mr Clinton has adopted to health care reform.

They also supported the inclusion of prescription drugs in the standard insurance benefits package that would be a component of the managed competition approach, as well as the extension of prescription drug coverage in Medicaid, the government health programme which covers the poor, and alterations to the Medicare programme for the elderly to cover drugs.

But pharmaceutical manufacturers contest the claim that they have been profiteering and argue that the pace of drug price inflation has slowed from 9.5 per cent in 1989 to 5.1 per cent over the last 12 months.

European pharmaceutical group results, Pages 18 and 19

UK treaty ratification faces further obstacles

By Ivo Dawnay and Ralph Atkins in London

THE UK GOVERNMENT faces a further setback in its attempt to push ahead with ratification of the Maastricht treaty, a senior Conservative cabinet minister conceded yesterday.

The opposition Labour party believes it could gain enough support from the Liberal Democratic party and Tory rebels to win five further amendments to the bill, each aimed at enhancing democratic accountability and controls over the EC.

Although none of the amendments would halt British ratification of the treaty, they would undoubtedly serve to undermine further the government's authority and sap morale among loyalist pro-Maastricht MPs.

In an attempt to talk down the significance of Monday's defeat in the House of Commons, when Labour, Liberal Democrat and Conservative party rebels scored a 22-vote victory over the government, the minister said: "The ship can take on some water. So long as it stays on course, that is what matters."

Mr John Major, the UK prime minister, is also understood to have taken a strategic decision not to antagonise Tory Euro-rebels, believing many are fighting over what they see as genuine points of principle.

With the committee stage set to resume today, possibly continuing into the weekend, Mr Major is anxious to maintain Conservative unity in the long term, not least in nine months time when the Maastricht legislation should be passed.

In practice, recent surveys of Conservative constituency association chairmen – showing many supportive of the rebels – reveal there is little he can do to contain the revolt.

Ministers appear ready to leave the arm-twisting to loyalist backbench colleagues who are expected to resume their criticisms of the rebels today.

But leaders of the Euro-sceptics were unbowed yesterday, saying they could support at least some of Labour's amendments. Although there is evidence of some splits among the rebels, tactics are also being kept secret.

The government's vulnerability has, meanwhile, markedly raised morale on the Labour benches following its 22-vote victory on Monday. But Mr John Smith, the Labour party leader, yesterday made clear that the opposition will do nothing to prevent eventual ratification of the accord.

He spoke against an amendment proposed yesterday, at a meeting of the parliamentary Labour party, that he warned could wreck the treaty.

Mr Davies's motion, that attempts to reject the treaty's provisions on member states' budget deficits, was rejected by the overwhelming margin of 94 votes to 35 – solidly confirming support for Mr Smith's stance among his backbenchers.

Yeltsin's role attacked in Congress

Continued from Page 1

after a speech by Mr Nikolai Ryabov, the parliament's first deputy chairman, which proclaimed that Congress was constitutionally superior to the president and that the present constitution - an amended version of the Soviet-era model - should be the basis of the state.

In retaliation, the president's resolution repeats an earlier motion – rejected last week by the smaller Supreme Soviet – which would free the government to press forward with radical economic changes. It would put the Central Bank, with the other state banks and the state property agencies, under government management, although with residual parliamentary control.

Mr Vyacheslav Kostikov, Mr Yeltsin's press secretary, warned last night of a "potential tragedy" if the Congress "crossed the last frontier" by continuing to oppose economic reforms. He admitted that the president's draft had little chance of success in the heated atmosphere engendered by the day's debate but hoped for cooler judgments today.

The last hope of compromise lay in a joint commission from the Congress and the presidency, which was last night trying to hammer the two motions into a composite resolution. However, today's session was widely expected to have to choose between two philosophies of power.

Boris Yeltsin (left) and speaker Ruslan Khasbulatov stand for the Russian national anthem before yesterday's parliamentary session

Amato wins support from Italian Senate

Continued from Page 1

a decree against the advice of Mr Giovanni Conso, the justice minister, rather than as a law which could be amended by parliamentary debate.

Mr Scalfaro invoked the formal excuse that the decree, which covered new provisions on party financing, would have conflicted with the referendum on April 18 calling for the abolition of public funding of political parties. But it has become clear the opposition of the Milan magistrates involved in the main anti-corruption investigations forced Friday's cabinet decision to be overturned by Mr Scalfaro.

The magistrates also appear to have taken precautions against further attempts by the legislature to remove illicit party financing from their competence. For the first time this week, they have pressed a charge of falsifying company accounts.

Legal experts pointed out none of those accused of providing illicit finance to the parties have been charged on this count. Since this is a criminal offence, and the government decree had sought to depenalise the charge of illicit party funding, the experts suggested this was an extra insurance against losing control of corruption investigations.

World Weather

		°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Boulogne	F	10	50	Frankfurt	S	5	41
Algiers	F	15	59	Brussels	C	10	50	Geneva	S	9	48
Amsterdam	S	9	48	Budapest	S	6	43	Gibraltar	C	15	59
Athens	C	9	48	Buenos Aires	F	31	88	Glasgow	F	6	43
Bahrain	S	22	72	Cairo	S	19	66	Helsinki	C	2	36
Bangkok	F	33	91	Cape Town	S	28	82	Hong Kong	S	21	70
Barcelona	S	13	55	Caracas	C	30	86	Innsbruck	S	8	46
Beijing	S	10	50	Casablanca †		–	–	Inverness	S	7	45
Beirut		–	–	Chicago †	Sn	0	32	Islamabad	C	25	77
Belfast	C	7	45	Cologne	S	11	52	Istanbul	F	2	36
Belgrade	S	5	41	Copenhagen	S	4	39	Jakarta	R	31	88
Berlin	S	7	45	Corfu	S	12	54	Johannesburg	S	23	73
Bermuda	F	17	63	Dallas †	S	12	54	Lisbon	F	13	55
Bombay	S	32	90	Dublin	C	9	48	London	C	10	50
Bordeaux	S	15	59	Dubrovnik	S	12	54	Los Angeles †	F	12	54
				Edinburgh	C	5	41	Luxembourg	C	7	45
				Faro	S	16	61	Madeira	F	18	64
				Florence	S	11	52	Madrid	C	13	55

		°C	°F			°C	°F			°C	°F
Majorca	S	15	59	Oporto	F	17	63	Tenerife	F	18	64
Malaga	F	16	61	Oslo	F	4	39	Tokyo	C	6	43
Malta	R	11	52	Paris	S	13	55	Toronto †	F	-10	14
Manila	C	32	90	Prague	S	3	37	Tunis	R	10	50
Melbourne	C	19	66	Reykjavik	R	4	39	Valencia	C	12	54
Mexico City	F	20	68	Rhodes	S	12	54	Venice	S	10	50
Miami †	S	16	61	Rio d'Janeiro	C	35	95	Vienna	S	5	41
Milan	S	11	52	Rome	S	12	54	Warsaw	S	2	36
Montreal †	Sn	-4	25	Salzburg	S	8	46	Washington †	F	3	37
Moscow	F	0	32	S'Francisco †	C	12	54	Zurich	S	7	46
Munich	S	9	48	Seoul	F	6	43				
Nairobi		–	–	Singapore	F	29	84				
Naples	S	13	55	Stockholm	S	2	36				
Nassau	C	25	77	Strasbourg	S	13	55				
New Delhi	S	28	82	Sydney	R	20	68				
New York †	S	1	34	Taipei	C	19	66				
Nice	S	13	55	Tangier	F	17	63				
Nicosia	S	14	57	Tel Aviv	F	16	61				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

Horns of a dilemma

The London Stock Exchange faces the unhappy decision whether to stick with its ill-fated Taurus paperless trading and settlement system or abandon the project as a bad job. Turning back now would be a startling admission of failure. In addition to the £75m development cost incurred by the Exchange itself, City brokers and banks have spent much more. One can only hope these costs have been written off as incurred. The Exchange certainly has some explaining to do about why the project has been allowed to drag on at such expense for so long, but it was members and users who insisted on the project being so complicated.

The London equity market cannot afford to wait indefinitely for an overhaul. A simplified version of Taurus built around a central database – rather than the complex distributed databases now proposed – would be less of a technological challenge. That would mean going back to something like the original 1987 proposals for Taurus. Doubtless there would be resistence to the idea. Registrars, for example, might view such a system as a threat.

The attempt to replicate every last nuance of existing arrangements has proved unacceptably costly and slow. If the exchange cannot reconcile the conflicting interests, the Bank of England should knock heads together. There is a strong case for moving quickly to rolling settlement even without Taurus. Frankfurt is already well down this path, and the City is being left behind.

FT-SE Index: 2956.7 (+6.8)

Standard Chartered

Share price relative to the FT-A Banks Index

Source: FT Graphite

Standard Chartered

Oh dear, oh dear! Standard Chartered just cannot seem to manage a year without finding a banana skin to tread on. The latest one – the securities scandal in Bombay – has cost more than £300m, much more than Standard expected at the half year. Exchange movements have since aggravated the problem and weak local financial markets have eaten into its collateral, but at least the bank has not suddenly discovered any new exposure. Its higher provision reflects a more sober reflection of what it can recover from the wreckage in a country where it is unpopular and singularly lacking in influence.

Strip away India, though, and it is easy to see why the market greeted yesterday's results by pushing the shares up 3 per cent. Other net provisions may grow this year, simply because there will be no repeat of the recoveries from GPI Leisure and MiniScribe. Yet operating earnings are steaming ahead and the tax rate, which has been pushed up by the Indian general provision and unrelieved ACT, should come down. Standard's dividend costs only £47m. Even after a large real increase, it should have enough retained earnings to push its tier one capital well over 5 per cent. On that basis, the shares are cheap, but only because rational analysis does not allow for the kind of nasty surprise which has become a Standard Chartered hallmark.

Cadbury Schweppes

Cadbury has the kind of problems most other UK food manufacturers would envy. Its strong brands and resilient results highlight the possibilities for considerable international growth. But management's attention may now focus on mainland Europe, which represented the only serious blemish in Cadbury's performance. The 36 per cent fall in trading profits was attributable to beverages. But Cadbury also faces a long-term strategic bind in confectionery, where it lags well behind Mars and Nestlé. Philip Morris's recent purchase of Terry's suggests pressure will intensify in the UK. A sizeable acquisition may represent the only means of acquiring sufficient mass.

This, though, raises the tricky issue of funding, even supposing a suitable target could be found. Cadbury has never generated as much cash as its high margins would suggest and the balance sheet has been hollowed out by goodwill write-offs. Equity funding must remain a possibility. This may partly explain the company's surprisingly sunny view of the UK economy.

BAT Industries

Tobacco stocks are the forgotten casualty of Mr Clinton's presidency. BAT Industries has underperformed the market by 13 per cent since a new excise duty on tobacco was proposed. Yesterday's full-year figures suggest the market should not be too alarmed. Although BAT earns a large chunk of profits from US tobacco, cigarette exports to eastern Europe and Asia grew by more than 20 per cent last year. Only the most onerous of new taxes would knock BAT's tobacco business off its stride. Besides, tobacco companies have off-set previous falls in volume sales by widening margins under the cover of higher taxation.

The fly in the ointment is Eagle Star's exposure to the UK housing market. With tobacco strong and Farmers insurance expanding in the US, though, the drag on profits is hardly noticeable. On a 30 per cent yield premium to the market average, the shares will look cheap if Mr Clinton's bark turns out to be worse than his bite.

Vickers

There is a brutal simplicity about Vickers' rights issue. Shareholders wondering where their £60m will go need look no further than the £66m hole punched in the balance sheet by exceptional charges in the past two years. The recession has ruthlessly proved that Vickers is simply not big enough to cope with Rolls-Royce Motors' profit swings.

It need not have been that way. Vickers came into the recession with no net debt and could have negotiated a good price for Rolls in 1990. But having set its face against Sir Ron Brierley's unrealistic demerger plan, the board hesitated too long about an outright sale. After this, there is precious little point in looking for a buyer until Rolls wins back its spurs.

However little the management deserves the rights cash, the involvement of Cazenove will surely be enough to ram the issue home. Tanks should provide steady medium-term income and, now costs have been cut, the short-term recovery potential is there. What remains shrouded is the long-term future of expensive hand-built vehicles such as the Bentley Continental and the Challenger tank.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday March 11 1993

INSIDE

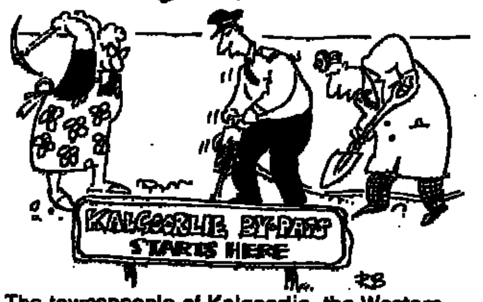
Professor to attack Siemens voting rights

Professor Ekkehard Wenger of the university of Würzburg will today take on the full might of Siemens, the Munich-based electronics and electricals giant. He has proposed motions, to be voted on at today's annual meeting, calling for the abolition of special voting rights attached to Siemens's preference shares, a class owned by the von Siemens family who are descendants of the company's founder. Page 20

Amstrad aims for computer first

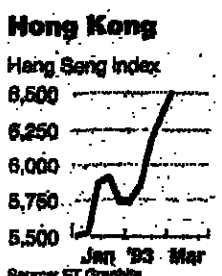
Amstrad, the UK consumer electronics group, is to launch a new computer next week which it claims will be the first worldwide in a new product sector tipped for rapid growth. The personal digital assistant will be a hand-held device designed to accept handwritten messages. IBM, Apple, AT&T, Matsushita and Olivetti are among the leading computer companies planning similar products. Page 25

Golden ring road



The townspeople of Kalgoorlie, the Western Australian mining town, were so fed up with waiting for the state government to build a bypass to take the heavy construction equipment used in the gold fields around the town instead of through it, that they built one themselves. Kenneth Gooding visited the town to sample its independent spirit. Page 26

China helps Hong Kong rise



Source: FT Graphite

Since the beginning of 1992 Hong Kong has been the best performing leading stock market in the world. Even to the most unreconstructed bull it seems unlikely that Hong Kong could have risen so strongly had China not decided to come back to the negotiating table about the colony's political development. Back Page

Abbey taps into eurobonds

Abbey National, the UK banking group, raised £650m ($931m) worth of 10-year eurobonds yesterday – a record for a single Eurosterling transaction in the international bond market. Abbey is the latest UK corporate borrower to lock into the country's lowest interest rates since the 1970s. The bonds, which carry a coupon of 8 per cent, were priced to yield 8.16 per cent or 50 basis points above the 8 per cent UK government bond due 2003. Page 21

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	650	+	14
BHF Bank	448.5	+	8.5
BMW	470	+	15
Philips Kommun.	540	+	15
Falls			
Bil & Berger	985	–	19
Schering	755	–	15
NEW YORK ($)			
Rises			
Genesis Health	14¾	+	1⅝
Glaxo	19¾	+	⅝
Merck	39⅝	+	1¼
Pfizer	62	+	2¼
Falls			
Bioscience Tech	5¾	–	2⅝
Walt Disney	44¼	–	1¼
PARIS (FFr)			
Rises			
Eridania B-Say	670	+	20
Gaumont (Soc N)	483	+	23
Geophysique	587	+	17
Intertechnique	525	+	13
Falls			
Ecco	422	–	11
Soc Gen de Fr	632	–	21
TOKYO (Yen)			
Rises			
Aderans	1190	+	140
Ikeda Bussan	278	+	33
Sumitomo Indl	7300	+	700
Tokyo Land	482	+	22
Toyo Shutter	1490	+	200
Falls			
Crown	565	–	45

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
AcornComputer	124	+	5
Cadbury Schw	509	+	14
Clyde Blowers	480	+	30
Eve Group	335	+	20
Fairline Boats	308	+	13
Gresham Tel	91	+	8
Hanlys	120	+	10
RVP Ind	233	+	13
Smith New Ct	177	+	9
Standard Chrtd	718	+	25
Transfer Tech	545	+	28
Union Square	5½	+	1½
Vickers	124	+	6
Falls			
Arjo Wiggins	180	–	7
Blue Circle	223	–	11
Gardner (DC)	32	–	3
Haggas (J)	125	–	5
Lambert Hwth	475	–	25
Meyer Int	302	–	16
Osprey Comms	23½	–	3
Pilkington	103	–	7½
Queens Moat	47	–	3
Rolls-Royce	129	–	6
Ross Group	31	–	3

SBC asset sales contain sharp profits fall

By Ian Rodger in Basle

SWISS Bank Corporation (SBC), Switzerland's second-largest banking group, avoided a sharp decline in profits last year thanks to an extraordinary SFr255m ($165.3m) net gain on asset sales.

The extraordinary gain came almost entirely from the sale last May of the bank's 97.7 per cent stake in the Austrian electric utility, Steiermärkische Elektrizität, to another Austrian utility. SBC's 1992 net consolidated profit fell to SFr1.01bn from SFr1.03bn a year earlier.

The group said net income from operations slid 30 per cent to SFr758m, by far the worst performance among the big three Swiss banks. However, the SFr14 a share dividend is being maintained, and Mr Walter Frehner, chief executive, was "cautiously optimistic" about an earnings improvement this year.

Like other leading international banks, SBC suffered last year from a hefty boost in bad loan provisions, which jumped by nearly a third to SFr1.9bn.

The unusual negative development at SBC was a 13.1 per cent surge in operating costs to SFr4.1bn, which significantly outpaced the 9.3 per cent growth of net operating income to SFr7bn.

SBC officials attributed about SFr120m of the SFr471m increase in expenses to their conservative treatment of the costs of reorganising the group's Swiss private banking businesses and of integrating the O'Conner derivatives subsidiary into its capital markets and treasury division.

Mr Frehner, who is to become chairman next month, said that in spite of these setbacks the group's earning power remained intact. Cashflow advanced 4.5 per cent to SFr2.9bn last year.

Moreover, SBC's financial strength, which was implicitly questioned last May when Moody's downgraded its credit rating, has improved.

The risk-weighted capital ratio, according to the BIS formula, rose from 10.9 per cent at the end of 1991 to 11.5 per cent at the end of last year – the highest among the big three Swiss banks.

The capital strengthening was largely a reflection of a 2.9 per cent decline in assets to SFr201bn at the end of 1992, which was in turn caused by a 4.6 per cent slide in lending to customers to SFr113bn, and a 14 per cent cut in interbank lending to SFr42bn. Mr Frehner said the bank took a more cautious approach to lending.

Procordia lifts payout as profits rise 31%

By Christopher Brown-Humes in Stockholm

PROCORDIA, the Swedish pharmaceutical and food group, lifted profits after financial items by 31 per cent to SKr4.86bn ($637m) in 1992, following strong contributions from its Kabi Pharmacia and United Brands units.

The group is increasing its dividend to SKr3.55 per share from SKr3.15 after a performance which saw turnover rise 5 per cent to SKr40.09bn and earnings per share increase to SKr13.50 from SKr12.90.

Procordia said discussions to buy a significant stake in the Italian pharmaceuticals group Erbamont from Montedison were continuing, and it expected the deal to be finalised soon. However, it did not elaborate on its statement last month, when it first disclosed that talks were in progress.

It is thought that the group will take majority control of Erbamont in a deal which would create one of Europe's largest drug companies. Privatisation of Procordia, originally planned for last year, has been delayed pending finalisation of the deal.

Procordia's 1992 performance was distorted by extensive restructuring and sale and purchase activity. Income from continuing operations was SKr4.36bn, up 6 per cent on 1991.

Kabi Pharmacia, the unit which would merge with Erbamont, increased 1992 profits to SKr2.65bn from SKr2.35bn.

Turnover climbed 16 per cent to SKr13.36bn, reflecting the group's acquisition of Pierrel of Italy and Farmiberia, although Kabi's existing units boosted sales by 12 per cent.

United Brands, Procordia's tobacco, matches and confectionery unit, was the other strong performer, with an 18 per cent increase in sales to SKr6.78bn and a 9 per cent rise in profits to SKr1.21bn.

The acquisition of Swedish Match in August accounted for most of the increase in turnover.

A disappointment was the performance of Procordia Invest, where profits fell to SKr248m from SKr444m reflecting the impact of loss-making hotel activities.

Procordia Biotech, which produces medical equipment, lifted profits to SKr111m from SKr96m. Procordia Beverages raised profits 3 per cent to SKr359m while Procordia Food fell 7 per cent to SKr252m.

Richard Waters analyses one of the City of London's biggest computer projects

Stock exchange takes Taurus by the horns

AFTER more than a decade of planning and an estimated £400m ($568m) spent on its development, London's planned share settlement system ranks as one of the biggest computer projects ever conceived in the City of London. Could it really all be scrapped?

Yes, if the London Stock Exchange's board agrees with a proposal to be put to it today by its chief executive, Mr Peter Rawlins. The technical difficulties standing in the way of completing the project are just too big, he will say: it is better to start again from scratch than to go on.

Most of the big banks, brokers and registrars in the City of London, which have spent large sums on Taurus in recent years, were unaware yesterday of the likely demise of the project. The news prompted anguish, anger, recrimination: in the aftermath of today's board meeting, it is likely to send reverberations throughout the City boardrooms.

Mr John Lamb, in charge of share registration and custody business at National Westminster, summed up the mood: "For the City, it would be a very very sad thing. Hells bells, we've got one of the least attractive settlement systems of any major stock market."

The system for settling share transactions has become one of the main battlegrounds in the competition between European financial centres, and is the area where London comes out worst. The process of exchanging shares for cash is slow – it takes up to three weeks – and cumbersome, with a series of paper-based administration procedures needed for each share sale.

Taurus – which stands for the transfer and automated registration of uncertificated stock – was meant to end all that, enabling London to leapfrog its rivals into a leading position internationally. A decision to terminate it now would prove a fittingly spectacular end to a troubled history.

The idea that share ownership should be transferred like money in the banking system, through computerised book entries on a computer, was first put forward by a stock exchange committee in the early 1980s. In the rush to build a new trading infrastructure for the stock market in time for Big Bang in October 1986, though, the decidely unglamorous area of settlement was put to one side.

The idea was rekindled in 1986, as Big Bang and soaring share prices drew small shareholders into the stock market, leading to an explosion in the number of share transactions passing through the market and a backlog of unsettled bargains that at one stage reached £3bn. With Bank of England prodding, renewed efforts were made to build an automated book-entry system.

If any one decision can be blamed for the quagmire into which the Taurus development has become bogged down, it was the abandonment in 1988 of a plan for a £60m central database to maintain records of all shareholdings in the UK stock market.

Also, the registrars who maintain records of shareholdings in the UK feared that the stock exchange would itself become a central registrar, putting them out of business.

The result was a compromise, designed to protect the interests of the many users of the London stock market: registrars and custodians, who offer share maintenance services to companies and investors, as well as listed companies, who wanted a transparent system for share ownership which enabled them to identify who owned their shares. The Department of Trade and Industry, keen to protect the interests of small shareholders, pushed for levels of security and investor protection that professionals grumbled were unnecessary.

As Mr Mike Jones, head of development at brokers Capel Cure Myers, said yesterday: "We tried to leave the present relationships in place, and design a system around it." The conclusion of the head of operations at one London investment bank was briefer: "We've ended up with a camel."

The Taurus plan is based on a series of databases around the City maintained by brokers, bankers, custodians, investors and registrars, each of which holds records of shareholdings. The databases were to be linked on an electronic network, making it possible both to transfer stock between them and to take a overall picture of a particular company's shareholdings.

It is now clear that this system, finally adopted in 1989, was far more complex than anyone had predicted. First, the Department of Trade and Industry took more than a year to amend UK company law to recognise automated transfer of share ownership. Those legal changes were implemented to fit the Taurus system: it was unclear yesterday whether they would suit any other automated share transfer system that may succeed it.

Technical difficulties have brought Taurus to the brink of failure. Testing of the stock exchange's own system, which acts as a central hub for the network, began last October. Wider testing, involving securities firms, started in January.

This process, expected to be the simplest part of a test cycle lasting until at least the end of the year, has already fallen behind.

The stock exchange admitted yesterday that the testing has been "slow and patchy". One broking firm said that, rather than the 154 functions that were meant to have been tested when the latest phase began in January, only 50 have so far been attempted.

If Taurus is scrapped, what could follow?

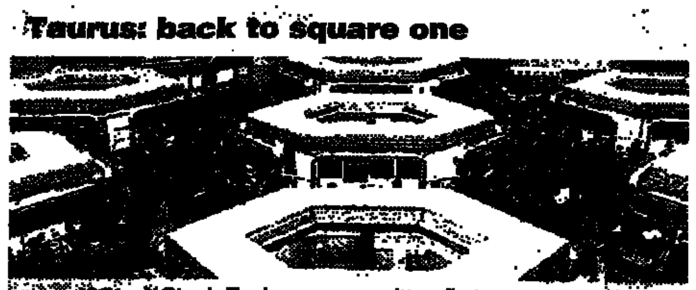
"It's all very well people knocking Taurus – but is there an alternative being proposed?" said Ms Alison Renison, head of Taurus development at Barclays. "Whatever happens, the UK has to have a book-entry system."

During the years that London has been working on Taurus, other financial centres have moved quickly to enhance their share settlement systems. Frankfurt now boasts share settlement in less than the three-day cycle that the G30 recommended, and Paris last year moved to a automated system.

With computing costs now far lower than they were five years ago, there were already voices yesterday urging a return to the relatively simple solution of a central database for the stock market. Whether City vested interests can be reconciled to make a quick and cheap solution possible this time around remains to be seen.

Lex, Page 16

Taurus: back to square one



1981: A Stock Exchange committee first recommends book-entry transfer of shares
Oct 1986: Big Bang. Huge increase in share trading leads to backlog of unsettled bargains
1987: Taurus 1 – based on a central database to maintain all share records – proposed
Sep 1988: Taurus 1 abandoned due to projected cost and opposition from some quarters
1988: Siscot (Securities Industry Steering Committee on Taurus) formed. Proposes new version of Taurus
Aug 1989: Exchange brings in John Watson as project director as delay is announced to first phase of Taurus, due in October
Mar 1990: UK chancellor John Major says stamp duty on share dealing will go when Taurus is introduced – expected later in the year
May 1990: Exchange predicts Taurus will save City £230m over next 10 years
May 1991: After long delay, Department of Trade and Industry publishes new legal framework
Oct 1992: Testing finally starts on first stage of Taurus
Jan 1993: Latest delay. Taurus put back six months, to spring 1994. Wider testing gets underway

Strong growth in international tobacco lifts BAT to £1.65bn

By Andrew Bolger and Richard Lapper in London

SHARES in BAT Industries rose 18p to 955p yesterday after the UK tobacco and financial services group reported annual pre-tax profits up 68 per cent to £1.65bn ($2.34bn), which was at the top end of expectations in the City of London. Turnover grew 7 per cent to £22.1bn.

The figures were attributed to an unexpectedly strong fourth quarter by the group's buoyant international tobacco business, and the continuing reduction in losses from Eagle Star, the UK insurance subsidiary which has been hit hard by mortgage indemnity losses.

Sir Patrick Sheehy, chairman, said the performance of Farmers, the group's US insurance subsidiary, was a highlight. It had become the third largest general insurer in the US, and its life business had contributed £93m to a trading profit above £400m.

Farmers and Eagle Star helped financial services' trading profit from continuing operations to recover from £230m to £598m.

Losses from mortgage indemnity insurance – which covers lenders against a portion of their losses on sales of repossessed properties – amounted to £244m. This was mainly because Eagle Star increased its provisions against claims on policies insuring commercial property lenders, a class of business it no longer underwrites. Losses on domestic mortgage indemnity policies fell to £97m, from £213m in 1991.

Higher premiums and more selective underwriting led to a sharp fall in Eagle Star's underwriting losses in motor, home and commercial insurances.

The group's tobacco trading profit increased by 24 per cent to £1.31bn. Total volumes rose to more than 570bn cigarettes, increasing the group's share of the world market to 10.9 per cent.

Sales of international brands grew 19 per cent, while export volumes were 23 per cent higher. As the most international cigarette maker, BAT continued to increase its share in key domestic markets around the world and to expand into newly emerging markets such as eastern Europe.

Earnings per share more than doubled to 58.7p (24.8p). The group's tax rate fell from 56.5 per cent to 41.5 per cent, mainly due to the improvement in UK profitability. A final dividend of 22.6p (11.2p) gives a total for the year of 37.2p (33.6p), up 11 per cent.

Details, Page 23; Lex, Page 16

Bombay cost Standard £305m

By John Gapper, Banking Correspondent

STANDARD Chartered yesterday disclosed that it had sustained a £305m ($433m) loss on Indian operations last year after it raised its provision for possible bad debts resulting from the Bombay securities trading scandal to £272m.

The India loss, boosted by a fresh £160m general provision in the second half, was offset by an exceptional gain of £111m from selling properties, and doubled trading profits in the Asia Pacific region of £382m (against £184m in 1991). The bank's pre-tax profits fell slightly to £202m (against £205m) as its total charge for possible bad debts rose to £366m (against £159m). Its trading loss in the UK and Europe rose to £64.4m, against £46.5m in 1991.

The group made a £100m interim provision against the Bombay scandal, which rose in value to £112m because of exchange rate movements.

Mr Rodney Galpin, Standard Chartered chairman, said there was "no quick solution" to the affair. Mr Galpin, who will retire in May, said the India problem meant that the group's results were "far less good than I would have wished".

In spite of the Bombay losses, which mean the group is now 80 per cent provided against its gross exposure of £343m, shares rose by 25p to 716p on expectations of rapid profits growth in future helped by the buoyancy of Asian operations.

The group proposed an unchanged final dividend of 13p, making a total of 20p for the year. Its earnings per share after the exceptional gain from selling properties in Asia fell to 29p, against 44.3p.

The ratio of tier 1 capital to risk-weighted assets fell to 4.9 per cent from 5 per cent because of sterling's depreciation against the US dollar. Mr Galpin said it might issue up to $300m (£211m) of preference shares "at some time in the future".

Mr Malcolm Williamson, chief executive, said he had "no reason to believe that the India situation was other than a unique and isolated event". Fifteen staff had left, including three in London, and a further six had been reprimanded.

The value of Indian securities held as collateral fell from £63m at the half-year to £34m at the year-end.

Lex, Page 16; Sorry example, Page 24

INTERNATIONAL COMPANIES AND FINANCE

Klöckner-Werke offers debt relief

By Ariane Genillard in Duisburg

KLOCKNER-WERKE, the German steel and engineering group, yesterday revealed the conditions it is offering creditors under a debt-relief scheme.

Creditors would receive profit-entitlement warrants which would grant them a third of the distributable profits of the company, including those from its non-steel divisions.

The company had earlier said that the "composition" procedure filed against creditors last December, a legal move which is one step short of bankruptcy proceedings, would not affect its non-steel division, which makes plastics and engineering products.

Under the plan, a third of profits made by the whole company would be distributed to creditors for eight years. Creditors would receive only up to 50 per cent of the debt which they had agreed to cancel.

However, creditors would be entitled to only 30 per cent of the debt they had agreed to cancel if a capital increase occurred over the next eight years. Mr Hans Christoph von Rohr, chief executive of Klöckner Werke, said that a capital increase was "an open possibility" for 1994, depending on market conditions.

Creditors would also be entitled to receive 75 per cent of any extraordinary income raised from the restructuring of the steel divisions.

Such income could come from the sale of steel assets. The company is negotiating the sale of its Georgsmarienhütte plant, but no details were revealed yesterday.

Mr von Rohr added that the debt-relief plan would save the steel subsidiaries DM150m a year in interest payments. He added that the scheme called for the closure of the Bremer blast furnace in Bremen, reducing the the company's steel production by 20 per cent.

The debt-relief scheme was presented to local courts in Duisburg, where the company is based.

Mr von Rohr said yesterday creditors would meet at the end of May to review the plan. He added he was confident the plan would get the required 80 per cent approval from creditors. Talks with Deutsche Bank, the company's principal creditor, and WestLB, the state bank in North Rhine-Westphalia, are continuing.

Vickers annual loss doubles to £25.9m

By Kevin Done, Motor Industry Correspondent

VICKERS, the UK engineering group, fell to a pre-tax loss of £25.9m last year, double the loss of the previous year, under the impact of a further steep fall in sales of its Rolls-Royce and Bentley luxury cars.

The company is launching a one-for-four share issue to raise £60.5m to bolster its balance sheet, which has been weakened by exceptional restructuring charges of £65.8m in the last two years.

The dividend for the year has been cut to 1.5p, from 6p in 1991 and 9.9p in 1990. The share price rallied yesterday to close up 6p at 124p. The new shares will be priced at 95p per share and the issue will be underwritten by Lazard Brothers.

Vickers' pre-tax loss doubled to £25.9m last year from £12.4m a year earlier under the impact of exceptional charges of £31.4m, including restructuring costs of £30.1m.

Rolls-Royce Motor Cars, the group's lossmaking luxury car subsidiary, accounted for restructuring costs of £18.2m following exceptional charges of £31.4m in 1991. Vickers also suffered restructuring costs of £4.6m at Cantieri Riva, its Italian luxury powerboat business.

Group turnover rose to £718.5m, from £652.2m in 1991, while trading profits fell to £12.6m, from £20.9m.

The automotive engineering operations – which include Rolls-Royce Motor Cars, Cosworth engines and Riva – incurred trading losses of £15.8m, compared with £17.3m in 1991.

Trading profits at the defence and aerospace components division fell 13.9 per cent to £13.6m.

Under the impact of the group's rising debts, net interest costs rose to £7.1m, compared with net interest income of £1.1m in 1991.

Sir Colin Chandler, chief executive, said the group had suffered "exceptionally severe trading conditions in its major markets over the last two years".

Vickers had net debts of £100.1m at the end of 1992, compared with cash, net of borrowings, of £11.5m at the end of 1990. Shareholders' funds had contracted to £206.4m, from £371.5m, over the same period.

Vickers' gearing had risen to nearly 50 per cent by the end of 1992, but Sir Colin said the rights issue would reduce the gearing to around 15 per cent.

Lex, Page 16

Hypo-Bank in one-for-10 issue

BAYERISCHE Hypotheken- und Wechsel Bank, the Bavarian bank, is making a one-for-10 rights issue to raise DM678m ($406.6m). The new shares are being issued at DM350, compared with a closing price yesterday of DM451.

The Hypo-Bank said the decision to go ahead with the issue had been taken following a year of strong growth in both profits and business volume.

The bank will publish its full figures for 1992 in two weeks. In December it reported that partial operating profits – which exclude income from own-account trading – had climbed by 23.2 per cent to DM1.27bn in the first 10 months of the year.

Lower dollar and weak markets take their toll on Hunter Douglas

By Ronald van de Krol in Amsterdam

HUNTER Douglas, the Dutch window-covering and architectural products manufacturer, suffered a 53.2 per cent decline in net profits in 1992, reflecting continued weakness in important markets, the lower US dollar and a decline in aluminium prices.

Net profit fell to Fl 33.4m ($18m) from Fl 71.4m a year earlier, on sales down 4.7 per cent at Fl 1.68bn. The company cut its dividend to Fl 1.50 from Fl 2.00, saying this reflected not only the fall in 1992 profit but also "the conservative outlook for 1993."

However, Hunter Douglas described its pay-out ratio as high when viewed historically, and said this was due to its sound balance sheet and confidence about the longer term. It made no specific forecast for 1993, but said it expected a difficult and challenging year.

The 1992 figures include an extraordinary charge of Fl 13.5m for restructuring in the Netherlands and south-east Asia. If the charge is excluded, net profit would have fallen by 34.3 per cent to Fl 46.9bn.

Hunter Douglas said that business in Europe weakened, especially in the second half, while economic recovery in the US and Australia was slower than expected, restricting consumer spending. Lower aluminium prices had a negative impact on aluminium smelting operations.

● **Koninklijke Van Ommeren**, the transport and tank storage group, said it could invest up to Fl 500m in expansion, but that better returns on existing investments were its top priority, **Reuter reports from Rotterdam.**

"We are examining all activities critically on the basis of returns," said Mr Carel van den Driest, chairman. He added that the sale of Ceteco, the trade arm, had given it scope for "ambitious" expansion in shipping and storage.

Lafarge Copée holds profits at FFr1.23bn

By Alice Rawsthorn in Paris

LAFARGE COPEE, the French company which is the world's largest building materials group, yesterday announced that it had maintained net profits at FFr1.23bn ($217.5m) last year, but warned that it faced tough trading conditions in the current year.

Mr Bertrand Collomb, chairman, said Lafarge had held profits in spite of the fragile state of the construction market in parts of Europe and North America.

The group's 1992 performance was rather better than the stock market had expected. Analysts had forecast a slight decline in net profits in what would have been a repetition of its 1991 results, when net profits fell for the first time in eight years.

Mr Collomb described the outlook for 1993 as uncertain, but hoped that fledgling recovery in the US would counter the slowdown in Europe. He expected problems in France during the first half, but hoped the economy would recover in the second half.

Lafarge, like other construction companies, was badly affected last year by the sluggish state of its markets in France and Spain. However, it benefited from an improvement in its US activities, the chief cause of the decline in profits during 1991.

Turnover fell to FFr30.45bn in 1992 from FFr31.65bn in 1991, and operating profits slipped to FFr3.14bn from FFr3.22bn over the same period. Net debt rose to FFr9.7bn last year from FFr9.1bn in 1991.

Mr Collomb has already announced that Lafarge, which has expanded rapidly through acquisition in recent years, will concentrate on consolidating its existing interests and on reducing debt.

The group is also attempting to cut costs and improve productivity. It reduced its workforce by 1,500, or 5 per cent, last year to the present level of 30,000.

SAS falls into in the red for third consecutive year

By Christopher Brown-Humes in Stockholm

SCANDINAVIAN Airlines System (SAS) yesterday reported a SKr743m ($97.4m) pre-tax loss for 1992, its third consecutive year in the red, and said it expected another difficult year in 1993.

The deficit had been expected after the airline revealed in January that its result would be hit by a one-off SKr1.2bn currency loss as a result of the devaluation of the krona.

SAS expects "some improvement" in its pre-tax result this year, although it foresees "continued slow market growth with mounting pressures from increased competition and lower fares". It is currently discussing extensive strategic collaboration with KLM, Swissair and Austrian Airlines.

SAS said its operating result rose SKr213m to SKr2.93bn as revenues increased 7 per cent to SKr34.4bn in spite of difficult market conditions.

It increased market share in many leading European countries, with sales rising SKr986m to SKr22.7bn. However, it noted that many of its important markets, and Sweden in particular, were still in recession and its traffic growth of 2 per cent was far below the European average of 13 per cent.

The group suffered from lower fares, caused by intense competition and the deregulation of the Swedish domestic market.

However, falling yields within SAS, SAS International Hotels and SAS Leisure were offset by the group's extensive rationalisation programme. The airline plans to cut operating costs by a further 20 to 25 per cent over the next three years.

SAS airline saw profits before extraordinary items fall to SKr25m last year from SKr1.04bn in 1991, but hotel operations posted much reduced losses of SKr135m, compared with SKr1.02bn.

Lucas moves to find successors to chairman and chief executive

By Andrew Bolger in London

LUCAS Industries yesterday moved to address the succession problem which has made the UK engineering group one of the City of London's prime targets for takeover speculation.

The car and aerospace components group said it would appoint a new chief executive as soon as possible and hoped a new non-executive chairman would be nominated to take over from Sir Anthony Gill, the 62-year-old chairman and chief executive, by the time of November's annual general meeting.

Lucas also announced the appointment of three non-executive directors – Mr Richard Giordano, 58, former chairman and chief executive of BOC; Sir Alistair Morton, 55, chief executive of Eurotunnel; and Mr Paul Bosonnet, 60, deputy chairman of BT.

Mr Giordano will chair the board's nominations committee, which is considering a shortlist for the post of chief executive. This suggests he is the leading candidate to take over from Sir Anthony, who had agreed in October that he would stay on for another two years as chairman.

Lucas said yesterday that the search for a new chairman and a chief executive this year was designed to reassure the City, which was concerned by recent botched succession plans.

In February last year, Mr Tony Edwards, head of the aerospace division, was made chief executive designate. In March, Mr David Hankinson, then finance director, left with compensation of £352,000. In August, Mr Edwards was told the board did not consider him to be suitable for the post as chief executive, and in October he moved to rival TI Group.

The group yesterday insisted that Sir Anthony's departure was not being brought forward because of concerns that he might clash with a new chief executive.

Surveillance up 3.2% to SFr193m

By Ian Rodger

SOCIETE Générale de Surveillance, the Swiss inspection group, has reported a 3.2 per cent rise in consolidated net income for 1992 to SFr193.6m ($125.4m).

Revenues were up by 10.5 per cent to SFr2.47bn.

The Geneva-based group said that internal growth accounted for 6.3 per cent of the growth in sales, new acquisitions 4.3 per cent, and foreign exchange a negative 0.1 per cent.

Operating income increased by 8.9 per cent to SFr218m.

The directors are proposing a 7.5 per cent increase in dividends to SFr43 per bearer share and participation certificate, and SFr8.60 per registered share.

● **Lindt & Sprüngli**, the Swiss confectionery group which was rocked last year by family and management struggles, made a consolidated net profit of SFr38.2m last year.

This represents an increase of 7 per cent from the previous year.

Sales were up 8.8 per cent to SFr1.07bn.

The directors are proposing an increase in dividends from SFr186 per share to SFr195 and from SFr18.50 to SFr19.50 per participation certificate.

The parent company's net profit rose to SFr15.8m, up from SFr14.8m.

Cash-flow advanced to SFr92.5m, up from SFr 70.4m.

Toys 'R' Us moves ahead 29% to $437m

By Nikki Tait in New York

TOYS 'R' Us, the US-based specialty store chain, yesterday reported a 29 per cent increase in after-tax profits to $437.5m in the 12 months to end-January.

The group said that it planned to add another 95 to 100 stores this year, the majority overseas.

Toys 'R' Us scored the advance on sales of $7.17bn, up from $6.12bn, while earnings per share rose from $1.15 to $1.47.

The company added 43 stores in the US in 1992, and 41 outlets overseas – taking the total to 540 US-based toy stores, 167 international outlets and 215 Kids 'R' Us children's clothing stores.

The full-year figures came after a strong fourth quarter, when after-tax profits increased from $261.6m to $339.7m. Sales in the three-month period were up from $2.86bn to $3.4bn.

● Revco, the Ohio-based drugstore operator which emerged from bankruptcy protection last year, recorded an after-tax profit of $4.27m in the three months to February 6.

Sales were $552.4m, compared with $522.9m a year ago, and operating profit increased from $18m to $24.6m.

The company said that same-store sales in the quarter – the third of its financial year – rose by 4.6 per cent.

For the nine-month period, Revco's after-tax profits stand at $2.2m and sales at $1.51bn.

Tax cuts help boost Novo Nordisk net

By Hilary Barnes in Copenhagen

NOVO NORDISK, the pharmaceuticals and industrial enzymes group, reported a jump of 38 per cent in net profits to DKr1.27bn ($198m) last year from DKr928m in 1991.

The boost to net earnings was helped by a reduction in the Danish corporate profits tax rate from 38 to 34 per cent, a factor in reducing Novo Nordisk's tax to DKr401m from DKr531m in 1991, according to the preliminary report. Earnings per share were up by 26 per cent from DKr27.02 to DKr34.12.

An unchanged DKr4 per share (20 per cent) dividend was proposed. Pre-tax profits increased by a more moderate 15 per cent to DKr1.67bn from DKr1.48bn. Sales were ahead by 14 per cent to DKr10.69bn from DKr9.36bn in 1991.

The group continued to expand production capacity in both Denmark and abroad, mainly in the US, for its major products, insulin, growth hormone and enzymes, with investment expenditure rising by 45 per cent last year to DKr1.95bn.

Trading conditions and instability in the foreign exchange and capital markets may make it difficult to achieve the group's goal of an annual 15 per cent growth in pre-tax income, the report said.

MasterCard files suit against Amexco

By Alan Friedman in New York

MASTERCARD, the US credit card company, has filed a lawsuit in a New York federal court accusing American Express of using "false and misleading" advertising to promote its American Express corporate credit card.

The MasterCard legal action, which seeks to block three American Express advertisements, also seeks financial damages.

MasterCard alleged in its court action that American Express was not telling the truth in one advertisement in which it claimed its corporate card was superior to other cards because there were no late fees or other charges.

American Express, according to the suit, does assess penalties for overdue payments.

Ms Christine Levite, of American Express, claimed there was no merit to the lawsuit.

Mr Parker Bagley, a lawyer for MasterCard, said the suit was filed after American Express declined a request to withdraw the offending advertisements.

● General Motors, which has issued more than 5m MasterCard-based GM credit cards since launching the non-bank card last September, said it was launching a Visa-based GM card in the Canadian market.

The card will be issued under an agreement between General Motors of Canada and Toronto Dominion Bank.

Empire-builder sets up his Wall St dream

Patrick Harverson reports on Sanford Weill's bid to buy Shearson's broking business

THERE was a certain symmetry to the news this week that legendary Wall Street dealmaker Mr Sanford Weill is negotiating to buy the Shearson stock brokerage operations from American Express.

After all, it was the buccaneering Mr Weill who built the Shearson empire from scratch during the 1970s, and who sold it to American Express in 1981.

It was also Mr Weill who resigned as president of American Express in 1985 after two difficult years as the second-in-command to chief executive Mr Jim Robinson. And it was the same Mr Weill who attempted to buy back Shearson in 1990, only to see his plans fall apart at the eleventh hour.

Now Mr Weill is on the verge of realising a long-cherished dream of creating a Wall Street brokerage powerhouse to challenge the biggest in the US securities industry. In rescuing Shearson from its troubled parent, he is returning to his roots and exacting a small measure of revenge for the frustrating years he spent at American Express.

If the negotiations are concluded successfully, Mr Weill will merge Shearson into the Smith Barney broking operation of his diversified financial services company, Primerica. The new entity will have more than 11,000 brokers, almost 500 branches, combined revenues of over $13bn, and will rival Merrill Lynch as the country's largest securities firm.

The acquisition of Shearson should cement Mr Weill's reputation as one of the pre-eminent empire-builders on Wall Street.

The Brooklyn-born Mr Weill, displayed his ambitions at an early age. In 1960, five years after starting on Wall Street as a $65-a-week trading clerk and at the age of just 27, he set up his own securities firm with three friends.

Sanford Weill: earlier plans to buy back Shearson fell apart

Over the next two decades Mr Weill's business expanded rapidly. In 1974, the firm, then named Hayden Stone, bought Shearson Hammill, doubling in size. In 1979, it acquired Loeb Rhoades, and by the start of the 1980s the firm, known by then as Shearson, was the second-largest securities brokerage in the US.

In 1981, Mr Weill, believing broking houses would only prosper if they were backed by large amounts of capital, sold Shearson to American Express for $930m. The sale made him a fortune, and provided him with a senior position at the travel and financial services giant.

Although he became the group's president within two years, the aggressive, entrepreneurial Mr Weill never fitted into the American Express bureaucratic corporate culture, and in 1985 he left the company. After an abortive attempt to take over BankAmerica, he briefly concentrated his energies on fund-raising (he was the prime force behind the $60m restoration of Carnegie Hall in New York).

It did not take long for Mr Weill to return to the fray. His next vehicle was the ailing financing group Commercial Credit, which he bought cheaply from Control Data in 1986. Two years later, he used it to launch a successful $1.5bn takeover bid for Primerica. Along with Primerica, Mr Weill got the retail brokerage house Smith Barney – he was back in the business he knew best.

Under Mr Weill, Primerica has thrived. Its earnings have grown at a compound rate of between 25 per cent and 30 per cent, and the shares have almost tripled in value. Today, the company has three main businesses: the consumer finance arm Commercial Credit, the financial services unit which sells term insurance and mutual funds to middle-income families, and Smith Barney.

All three divisions are profitable, which has much to do with Mr Weill's vigorous approach to managing costs. Last year, the consumer finance business brought in $193.5m, the insurance business $187.3m, and the brokerage $170m. Primerica's total operating earnings in 1992 were a record $593m.

Mr Weill has been busy in the past year. Keen to concentrate Primerica's energies on its three core businesses, he recently completed the sale of the group's interests in the mail order company Fingerhut and the credit insurer Voyager.

Then, last autumn, Primerica paid $772.5m for a 27 per cent stake in the lossmaking insurance group, Travelers, which Mr Weill is now helping to turn around. The deal was typical of Mr Weill – he paid $19 a share for a big holding in a company with a book value of $40 a share. Since his arrival, Travelers' stock has risen from under $17 to almost $30.

Now, the proposed Shearson deal is winning Mr Weill new praise. Mr Perrin Long, of First Michigan, who has followed Mr Weill's career closely over the past three decades, says: "I think it's a good deal for Sandy - he would acquire for $1bn something that would have cost him much more than $1bn to build from ground zero."

The acquisition would fit the pattern of most of Mr Weill's previous deals. As Mr Long explains: "Generally, he has gone after companies that are basically over the hill . . . This is the Sandy way of doing things. He will take the best of Smith Barney and the best of Shearson and put the two together. Anything that is not the best gets left at the kerb."

Although Shearson has its problems (in particular, its costs have been rising faster than earnings), Mr Weill is likely to leave the most troubled parts of the business – the struggling Lehman investment banking division, the bad property investments and the legal liabilities – with American Express.

Analysts believe the remainder should fit nicely with Smith Barney, once the costs of the newly-combined business have been scaled back.

There is plenty of room for savings, says Mr Long: "There is a considerable amount of fat in the top layers of Shearson, and there are a number of departments where trimming could take place, particularly in the back office."

If all goes well, Mr Weill has once again pulled off a smart deal. As Mr John Keefe, an independent analyst with Keefe Worldwide, says: "I think Shearson is a great operation. It has a good customer base, a productive broker force, and good products they sell to people. It just needs a little extra management."

SA industrial group in R650m rights issue

By Philip Gawith in Johannesburg

W&A INVESTMENT Corporation, the diversified South African industrial conglomerate involved in a restructuring, is to raise R650m ($204m) in a rights issue to recapitalise the group.

Last month, it was announced that Trencor, the highly-rated South African transport and container company, would support a rights issue, investing R350m in a recapitalised W&A, and thereby obtaining joint control. Trencor will have an effective 26.5 per cent stake in W&A.

W&A also said it suffered attributable losses of R11.5m in 1992 from profits of R129m the year before. Turnover slipped to R3.19bn from R3.23bn but adverse trading conditions saw operating profits fall by 35 per cent to R217.6m from R335.5m.

Cascades back in black with C$28.2m profit

By Robert Gibbens in Montreal

CASCADES, one of the world's top 10 packaging groups since acquiring Paperboard Industries last year, turned in a profit of C$28.2m (US$22.7m), or 49 cents a share, in 1992, against a loss of C$1.56m, or 3 cents, in 1991. Sales were C$902m, against C$806m.

Cascades, with plants in Canada, the US, France, Belgium and Sweden, has restructured Paperboard into a new international packaging group, selling-off a minority holding to the public.

● Hydro-Quebec, the Quebec government-owned power utility, reported 1992 profit of C$724m (US$583m), down 4.7 per cent from 1991, on revenues of C$6.8bn, up 9 per cent.

Oslo to extend trading hours

By Karen Fossli in Oslo

THE OSLO bourse, struggling to recoup trading volume lost to foreign stock markets, is to extend its trading session by one hour to 4pm.

The extension, which takes effect from May 3, will initially apply to shares and share derivatives.

The aim is to strengthen Oslo's competitive position in relation to trade in Norwegian shares, the bourse said.

In recent years, London has become the alternative market for Norwegian shares. London member-firms reported composite trading in Norwegian shares worth £4.94bn ($7.08m) for 1992, compared with NKr63bn ($8.88m) in Oslo.

On London's Seaq exchange, turnover reached £4.1bn last year on 22 Norwegian shares, against NKr30.1bn in Oslo.

Correction

Blockbuster

BLOCKBUSTER, the Florida-based video rental company, is acquiring a 48.2 per cent stake in Spelling Entertainment Group. This was incorrectly reported in Tuesday's edition of the Financial Times.

Vietnam Fund to raise $20m

By Victor Mallet in Hanoi

VIETNAM Fund, the Dublin-listed investment fund, will seek to raise a further $20m this year to add to the $10m it has raised and committed to projects in Vietnam.

Vietnam is regarded as one of Asia's most exciting investment opportunities, but international fund managers have found it hard both to raise money and to find worthwhile projects; two other funds for Vietnam have already folded.

Mr Donald Lemon, Vietnam Fund consultant, said the fund had so far invested in a company growing vegetables for export and was planning to put money into at least four property development projects.

The fund is also considering investing in packaging and rubber-wood processing plants. A further 150 proposals in a range of sectors had been rejected, he said.

Vietnam Fund will probably attempt to raise the extra $20m in two parts, first from institutional investors in Europe and Australia and later in the year from the US; Americans are banned by Washington from doing business in Vietnam under an embargo dating back to the Vietnam War, but the Clinton administration is expected to lift this.

Mr Lemon said the fund might issue partly-paid units so it would not have to manage substantial amounts of cash.

INTERNATIONAL COMPANIES AND FINANCE

Demand for shareholder equality at Siemens

The voting strength of preference shares comes under challenge today, writes David Waller

TODAY, a professor of business studies from the university of Würzburg in northern Bavaria takes on the full might of Siemens, the Munich-based electronics and electricals giant.

Prof Ekkehard Wenger, who will be attending the company's annual meeting today along with scores of his students and several thousand other shareholders, will be challenging the Siemens colossus on a highly sensitive issue.

He has proposed a series of motions calling for the abolition of the special voting rights attached to Siemens' preference shares. These shares are entirely owned by the von Siemens family, descendants of Werner von Siemens, who founded the company in 1847.

The challenge will highlight the family's involvement in one of Europe's largest companies – turnover was nearly DM79bn ($47.4bn) in the year to September 1992 – and focus on the management's attitude to shareholder voting restrictions.

It is part of Prof Wenger's long campaign for shareholders' rights and for an end to voting restrictions in many leading German companies.

He has turned Germany's usually staid annual meetings into battle-grounds, using tough rhetoric and legal manoeuvring in a colourful campaign against Germany's top managers and the kind of capitalism practised by Germany's big corporations.

Prof Wenger, 40, travels to annual meetings with squads of his students, who are encouraged to take to the podium and pose difficult questions to management. He stalks around – as one observer puts it, "like a lion in a cage" – taking delight in prolonging the meetings, fostering the image of the slightly mad professor.

But, for all the appearance of farce, his message is serious. He argues that German managers are part of a "self-perpetuating clique" screened off from stock market pressures by a network of cross-holdings and takeover prevention devices which encourage complacency and poor business decisions.

In attacking Siemens, Prof Wenger draws parallels with the case of RWE, the Ruhr-based industrial group where independent shareholders recently tried – unsuccessfully – to remove a shareholding structure giving local authorities about 60 of the votes although they only own 30 per cent of the shares.

Calpers, the big US pension fund, said RWE was being unrealistic in expecting access to international capital markets while maintaining such structures.

Wenger argues that an anachronistic share structure at Siemens shields management from stock market pressure. It also disadvantages ordinary shareholders, of whom there are 583,000, including a high proportion of foreign or foreign institutional shareholders with about 43 per cent of the shares.

Prof Ekkehard Wenger: campaigning against a style of corporate capitalism in Germany

Some 923,634 Siemens preference shares, issued to the family during the second world war, are not listed on any stock exchange. They account for 1.65 per cent of share capital, but can exercise 9.15 per cent of the vote.

This, Prof Wenger argues, gives the family a decisive influence on key company decisions and helps management protect itself against takeover. If only 50 per cent of shareholders vote at an annual meeting, the family's preference shares enable it to exercise 20 per cent of the vote – before the family's unquantified, but probably extensive, holdings of ordinary shares are accounted for.

Prof Wenger claims the structure is barely-disguised discrimination against foreign investors, which "severely limits the influence of performance-conscious shareholders' over management". It also ensures that management is sheltered from the need to manage the business primarily in the interest of shareholders.

This, he argues, leads to a gap between the share price and the real net worth of the company. He maintains the true worth of the company is about DM870 per share, compared with a share price which fluctuated between DM650 and DM700 last year.

Siemens, which has had to go to the trouble and expense of sending a copy of Wenger's proposals to all its shareholders, says it will not comment in detail on his criticisms until today's meeting.

In general terms, Siemens says the special voting rights attached to the preference shares have never been used. It adds that restricted voting structures are found in countries other than in Germany and that Siemens' image with international investors has not suffered because of the preference shares.

Yet, on the same day that Wenger will be attacking the family connection, the company's management will be seeking shareholder approval for Mr Peter von Siemens' elevation from the management board to the supervisory board - hardly a public relations triumph for Siemens. A direct descendant of the founder, he is grandson of the Mr Ernst von Siemens, who ran the company from 1939 to 1966.

By exposing the links to the past, Prof Wenger is likely to attract support for his view that the Siemens voting structure is out of date.

It will also highlight the attitude of the Siemens' management board to "shareholder value". In contrast to the board of RWE – which was not averse to getting rid of the voting restrictions – the Siemens management firmly defends the status quo.

"It is not good for the image of Germany that a large international company, such as Siemens, should seek to preserve a shareholder structure which is a barely-disguised takeover defence mechanism," says one Frankfurt financier.

Whether Prof Wenger wins the vote depends on how independent shareholders vote – and the big banks which exercise votes on behalf of shareholders. Deutsche Bank, the biggest German bank, will side with management and against Wenger. Perhaps this, too, follows from family loyalty – the bank was itself founded by a member of the von Siemens family 123 years ago.

Liberty Life per-share earnings rise 22%

By Philip Gawith in Johannesburg

LIBERTY LIFE, South Africa's largest listed life insurance company, reported a 22 per cent rise in per-share earnings to 155 cents for 1992, from 127 cents the year before.

Liberty – which has close ties with TransAtlantic, the UK listed financial services group, and UAP, the leading French insurer – increased total income before tax by 23 per cent to R4.85bn ($1.5bn) from R3.94bn.

This consisted of a 31 per cent increase in net premium income and annuity considerations to R2.98bn from R2.27bn, and a 13 per cent increase in investment income to R1.88bn from R1.66bn.

New annualised recurring premiums, a key benchmark of growth in the industry, rose by 22 per cent to R577m from R474m, against the background of a shrinking South African economy. Total new business was 36 per cent up at R1.7bn against R1.25bn. The dividend, declared last month, rose to 132 cents per share from 108 cents.

Mr Donald Gordon, chairman, said he was confident the group would maintain 20 per cent growth in earnings during 1993. Shareholders' capital at the year end amounted to R8.5bn against R8.1bn a year earlier and total assets came to R35.7bn compared with R34.5bn.

Mr Gordon said the group had three main aims for the next three to five years.

They were: increasing its exposure to the UK insurance sector through TransAtlantic; consolidating UK property interests held via Capital and Counties, a TransAtlantic subsidiary, probably involving "another major acquisition"; and a "significant" acquisition of a North American life insurer."

Tata chairman may end board battle by moving to steel rival

By Stefan Wagstyl in Bombay

MR RUSSI Mody, the 75-year-old chairman of Tata Steel, India's largest company, is considering resigning in a move which would end a bitter boardroom battle.

Mr Mody said yesterday that he was considering moving to a rival steel concern.

He is advising Mukand, a much smaller steelmaker, which is bidding for a contract to take over Indian Iron and Steel, a lossmaking state-owned enterprise which the government wants to sell off.

Mr Mody said that, if the bid succeeded and the terms were right, he would join Mukand.

Indian business circles have been rife with rumours about Mr Mody's possible departure since the middle of last year, when he lost a struggle to remain in executive charge of the company, which is the flagship of Tata, India's leading business empire.

Mr Mody was then forced into the position of non-executive chairman by Mr J.R.D. Tata, the group's 88-year-old patriarch, and his cousin, Mr Ratan Tata, Mr J. R. D. Tata's 53-year-old anointed successor.

However, with Mr Mody and Mr J. J. Irani, his successor as managing director, barely on speaking terms, the atmosphere at Tata Steel has remained tense.

Executives have divided loyalties. A senior executive said: "It's difficult to work until this situation is resolved."

Australian tobacco group ahead 249%

By Kevin Brown in Sydney

W.D. & H.O. Wills Holdings, the Australian tobacco group 67 per cent owned by BAT, said net profits after abnormal items rose 249 per cent to A$32m (US$22m) in 1992.

Sales rose 12.7 per cent to A$834m, resulting in a 15 per cent increase in the group's share of the Australian market, which is slowly shrinking.

The result was struck after an abnormal loss of A$10.3m, reflecting restructuring costs, and a write-down of property assets to recoverable values.

The directors declared a fully-franked final dividend of 9 cents a share, compared with 3 cents a year earlier, making a full-year dividend of 12 cents.

● Sagasco, the Australian energy group, yesterday said net profits increased by 8 per cent to a record A$52.5m in 1992, on turnover up 6.7 per cent to A$380.6m.

Sagasco declared a final dividend of 8 cents, making a total of 14.5 cents fully franked, up from 13 cents.

● AWA, the Australian electronics group, yesterday blamed a downturn in defence sales for an interim net loss of A$4.9m in the first half to the end of December. The group made an interim net profit of A$3.8m in the comparable period of the previous year.

Sabic falls 14% on softer petrochemicals prices

By Mark Nicholson in Cairo

SAUDI Basic Industries Corporation (Sabic), the Saudi Arabian industrial conglomerate responsible for the kingdom's petrochemicals industry, has reported a 14 per cent fall in net profits to SR1.96bn ($523.7m) for 1992, from SR2.3bn the year before. It ascribes the drop to softer petrochemicals prices.

Mr Abdulaziz al-Zamil, Sabic chairman and the kingdom's industry minister, said production from the 18 plants in which Sabic holds a stake had risen by 19 per cent to 15.7m tonnes, with sales up by 23.9 per cent to 12.5m tonnes.

Overall sales revenue rose to SR13bn from SR9bn.

Sabic, which is 70 per cent owned by the government, is undertaking a $6bn expansion programme aimed at raising output of MTBE, ethylene, polyethylene, ammonia, urea and other petrochemical products to 17m tonnes, rising to 20m tonnes later this decade.

Kepco up 6.2% on higher sales

By John Burton in Seoul

KOREA Electric Power (Kepco), the largest capitalised company on the Seoul bourse, reported a profits rise of 6.2 per cent to Won736.6bn ($930m) in 1992.

Sales rose by 17.4 per cent to Won6,695bn. Earnings were lower than had been expected by analysts.

Ashton Mining advances strongly to A$35.38m

ASHTON Mining, the Australian diamond and gold producer 46 per cent owned by Malaysia Mining Corp, has posted record net profits of A$35.38m (US$25)for 1992, up from A$21.04m a year earlier, Reuter reports from Melbourne.

Earnings per share rose to 12.65 cents from 7.50 cents and the final dividend is set at 4 cents a share, making 8 cents for the year, up from 7 cents. Sales advanced to A$287.10 from A$250.63m.

Mr John Robinson, chief executive, said the diamond business was attracting wide interest, primarily because of a large discovery in the Northwest Territories of Canada last year by its joint venture with Broken Hill Proprietary.

Diamonds accounted for 71 per cent of Ashton's 1992 sales compared with 100 per cent in 1987 when the group was starting to diversify into gold.

Mr Robinson said 1993 profits would depend on the level of diamond sales to the Central Selling Organisation, the De Beers-controlled company.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 11.03.93: Pool purchase price £/MWh	Final Prices for Trading on 11.02.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.45	18.40	18.40
0100	23.41	21.68	23.04
0130	28.45	25.50	27.03
0200	28.45	25.50	26.99
0230	23.41	21.68	22.99
0300	23.41	21.68	22.99
0330	23.41	21.68	22.99
0400	18.40	18.21	18.21
0430	18.11	18.02	18.02
0500	18.11	18.02	18.02
0530	18.03	18.03	18.03
0600	18.03	18.03	18.03
0630	18.04	18.10	18.10
0700	22.07	21.83	23.19
0730	22.66	21.89	23.25
0800	22.59	21.89	23.25
0830	23.17	21.89	23.24
0900	24.74	24.77	26.22
0930	30.78	24.77	26.20
1000	30.78	24.77	26.20
1030	30.77	24.77	26.21
1100	24.74	22.44	23.80
1130	24.74	22.44	23.80
1200	24.74	22.44	23.80
1230	24.73	22.44	23.80
1300	24.18	22.44	23.81
1330	23.16	22.44	23.81
1400	23.16	19.31	19.31
1430	22.68	18.77	18.77
1500	22.68	18.77	18.77
1530	22.68	19.31	19.31
1600	22.69	19.31	19.31
1630	23.17	22.44	23.80
1700	24.29	24.84	26.26
1730	25.75	27.09	28.59
1800	25.80	27.22	28.70
1830	26.62	27.22	28.67
1900	32.37	27.13	28.55
1930	32.32	27.08	28.51
2000	32.13	24.83	26.22
2030	25.75	21.96	23.27
2100	25.11	21.89	23.21
2130	22.66	21.87	23.19
2200	22.59	21.87	23.20
2230	22.59	18.65	18.65
2300	18.30	18.05	18.05
2330	17.78	18.03	18.03
2400	17.78	17.59	17.59

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-466789 between 8.30am and 6.15pm Monday to Friday.

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Abbey National sets £650m record

By Antonia Sharpe

ABBEY National, the UK banking group, raised £650m worth of 10-year Eurobonds yesterday, setting a new record for a single Eurosterling transaction in the international bond market.

The previous record holder was the Kingdom of Sweden which raised £600m in a five-year issue last November. The issue was increased by £200m in early January.

Abbey National is the latest UK borrower to lock into the country's lowest interest rates since the 1970s. Last week, British Gas raised £400m in the international bond market at an average fixed interest rate of just under 8 per cent and an average maturity of 8¼ years.

Demand for longer-dated sterling paper enabled Abbey National to raise the size of its issue from an original £500m. The bonds, which carry a coupon of 8 per cent, were priced to yield 8.16 per cent or 50 basis points over the 8 per cent UK gilt due 2003.

There was a view in the market that the bonds were generously priced and that Abbey National could have sold the bonds with a yield spread in the mid-40s. However, an official at S. G. Warburg, which

INTERNATIONAL BONDS

arranged the deal with Goldman Sachs, said that the spread took into consideration the sheer size of the issue.

When the bonds were freed to trade, the spread tightened to 48 basis points in mid-afternoon, but this reflected a slightly weaker gilt price.

Mr Jonathan Nicholls, director of corporate finance and capital markets at Abbey National, said that he did not intend to swap the proceeds from yesterday's issue since he was happy with the fixed rate on the bonds.

Yesterday's issue, which brings Abbey National's borrowings in the international bond market since the start of the year to just over £1bn, considerably lengthened the bank's debt maturity profile. At the end of 1992, only £386m out of its bonds and notes totalling £7.15bn were repayable in more than five years.

The proceeds of the issue will be used for the bank's general funding purposes. Some analysts said that its 10-year maturity gave the bank leeway to supply mortgages at a time when retail deposits were falling as a result of the drop in interest rates.

Mr Nicholls said Abbey's decision to raise such a large sum in one go reflected an awareness among borrowers that investors increasingly prefer bonds which are highly liquid. "It does appear that investors like large issues," he said.

Size was also a feature in the D-Mark sector as the European Investment Bank doubled the amount of its seven-year Eurobonds, launched on Tuesday, to DM1bn. The terms remained the same.

An official at the lead manager WestLB said that the issuer had been encouraged by the demand shown from the Far East overnight. The yield spread on the bonds was unchanged yesterday, at eight basis points over comparable German government bonds.

The Eurodollar sector attracted more borrowers, as LKB Baden Württemberg Finance raised $500m through a five-year issue priced to yield 18 basis points over comparable US Treasuries. When the bonds were freed to trade, the spread was unchanged.

An official at the lead manager CSFB said that LKB's new issue offered slight pick-up over LKB's five-year Eurodollar bonds launched last December.

The European Coal and Steel Community also tapped the Eurodollar sector for $100m. An official at the lead manager Salomon Brothers said that it would take some time to fully place the issue due to its limited liquidity and its unusual maturity of 15 years.

● Moody's, the US credit rating agency, has assigned an investment grade rating of Baa3 to the Czech National Bank's $300m three-year Eurobond issue, which was launched last week.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
LKB Baden Würt'berg Finance	500	5.375	101.275	Mar.1998	1.875/1.725	CSFB
JP Morgan & Co.(a)‡	200	(a)	100	Apr.2005	0.5/0.25	Kidder, Peabody Intl.
JP Morgan & Co.(a)‡	100	(a)	100.15	Apr.2005	0.5/0.25	Kidder, Peabody Intl.
Creditanstalt-Bankverein(b)‡	200	(b)	100	Apr.2003	0.5/0.25	Creditanstalt-Bankverein
Z-Landerbank Bank Austria(b)‡	150	(b)	100	Apr.2003	0.5/0.25	Kidder, Peabody Intl.
Banco Real#	100	10	99.30	Sep.1995	1.125/0.75	ABN Amro Bank
Banco Nacional#	100	10	99.138	Sep.1995	1.25/0.625	Citibank International
Euro.Coal & Steel Community	100	6.375	99.806	Mar.2008	0.4/0.2	Salomon Brothers Intl.
Toyota Motor Crdt.Corp.(c)‡#	100	(c)	99.875	Oct.2000	0.45/0.3	Lehman Brothers Intl.
Eagle 6(d)‡	78.8	(d)	100	Mar.1996	1/0.875	Daiwa Europe
YEN						
Bank of Tokyo Cayman Fin.(e)§	50bn	(e)	100	(e)	2.5/1.5	Morgan Stanley Intl.
Toyo Ink Manufacturing Co.	15bn	5.05	101.425	Jun.2000	1.875/1.725	Nomura International
D-MARKS						
European Investment Bank(f)	500	6.25	100.75	Apr.2000	1.75/1.125	Westdeutsche Landesbank
State of Hesse	200	6.75	101	Apr.2023	2.5/2	Morgan Stanley
LB Schleswig-Holstein(g)‡	100	(g)	102.125	Mar.2003	2.5/2.175	Morgan Stanley
Okumoto Flour Milling(h)‡★	14	(h)	100	Mar.1998	-	Fuji Bank (Deutschland)
STERLING						
Abbey Nat.Treasury Services	650	8	98.96	Apr.2003	0.35/0.2	Goldman Sachs/ SG Warburg
CANADIAN DOLLARS						
Banque Nationale de Paris	150	7.75	99.215	Apr.2003	2/1.375	BNP/ BZW
CCJQ(i)	100	7.625	100.2	Oct.1998	1.875/1.5	Hambros Bank
PESETAS						
Nacional Financiera(j)	10bn	13.6	101.225	Apr.1998	1.625/1	Banco Central Hispano

Final terms and non-callable unless stated. ★Private placement. §Convertible. ‡Floating rate note. #Semi-annual coupon. a) Coupon pays 6-month Libor - 0.15%; minimum 5%, maximum 8%. Increased from $200m to $300m. b) Coupon pays 6-month Libor - 0.125%; minimum 5%, maximum 8.25%. c) Coupon pays (0.5 × the 10 year CMT) + 1.45%; minimum 5.1%, maximum 28%. d) Secured on portfolio of mortgages. Coupon pays 6-month Libor + 0.8%. e) Undated subordinated issue. Exchangeable into Bank of Tokyo shares from 30/4/93-24/3/03. Final terms fixed by 18/3/93: initial coupon indicated at 4.25-4.375% and share premium expected to be 11-14%. After 10 years coupon pays 6-month Libor + 1.8%. Callable from 31/3/98-31/3/03 at par. f) Issue launched on Monday was doubled to DM1bn. g) Coupon pays 7.75% fixed annual for the first 2 years and 12.25% - 6-month Libor thereafter. h) Coupon pays 6-month Libor + 0.35%. i) Borrowers full name: La Caisse Centrale des Jardins du Quebec. j) Matador bond.

Tokyo poised to deregulate brokerage commissions

By Emiko Terazono in Tokyo

JAPAN's ministry of finance is likely to deregulate brokerage commissions in April 1994, starting with large-lot transactions worth more than Y1bn ($8.58m).

An advisory panel to the ministry yesterday recommended that liberalisation of the country's fixed stock exchange commissions be implemented gradually while monitoring the effects on investors and securities houses.

Japan is the only leading stockmarket where brokers' commissions are fixed. A spate of stockmarket scandals two years ago stemmed directly from this practice. In the absence of price competition firms chose to win large clients by compensating them for stock losses.

Earlier attempts by the ministry to deregulate the fixed price rate commission system have met with fierce opposition from the securities industry, which argues that liberalisation will lead to higher small-lot rates, driving individuals away from the stock market.

Japanese study new derivatives disclosure rules

JAPANESE financial authorities are considering implementing more disclosure measures for stock index futures and options trading, in which foreign securities companies are especially active, writes Emiko Terazono.

The ministry of finance said a working group formed by the Tokyo and Osaka stock exchanges was studying new rules to increase investor information concerning stock index futures and options markets.

Measures which are being considered include disclosure of futures and options trading by securities houses' own accounts and client accounts, and the arbitrage positions held against each stock.

Treuhand in first five-year bond issues

By Judy Dempsey in Berlin

THE TREUHAND, Germany's agency responsible for the privatisation of the eastern economy, is to issue five-year bonds for the first time. The Treuhand has already been a regular borrower in the 10-year and commercial paper sectors.

The five-year bonds will be deliverable into the Bobl contracts on medium-term German paper traded on both the DTB options and futures exchange and on London's Liffe. They may be used as collateral for Lombard borrowings, the Bundesbank said.

Officials from Deutsche Bank yesterday described the issue as "attractive," and likely to interest foreign investors. The Treuhand declined to say how much it intended to raise through this issue. It said there would be several issues a year.

Both revenue and expenditure fell short of their targets in 1992, according to the Treuhand annual report, issued earlier this month.

Strong gains in European notes as interest rates ease

By Tracy Corrigan in London and Patrick Harverson in New York

EUROPEAN bond prices rallied yesterday, buoyed by the Bundesbank's cut in the variable-rate repo to 8¼ per cent, and the easing of interest

GOVERNMENT BONDS

rates in the Netherlands, Belgium and Denmark.

German, Dutch and Belgian bonds all ended substantially higher on the day as dealers returned to speculation about the chances of a two-speed Europe, but other markets also benefited from the rate easing.

The Bundesbank had announced a cut in its fixed-rate repo to 8¼ per cent on Friday, but dealers were waiting for confirmation yesterday that the new variable-rate repo would be set in line with the fixed-rate repo.

The move fuelled expectations that a key interest rate reduction will emerge from the next Bundesbank council meeting, on March 18.

Bund prices rose half a point, after hopes of further easing were sparked by rate cuts in the Netherlands and Belgium.

■ THE DUTCH and the Belgian authorities acted in tandem to reduce rates, following the Bundesbank move, sparking price gains in both bond markets. Discount rates in both countries were reduced by by ¼ point to 7¼ per cent.

The Belgian National Bank said the move took into account the recent easing of German rates and had been facilitated by the strength of the Belgian franc.

Dutch 10-year bond prices rallied ⅝ point, while 30-year bond prices rose more than a point, and 10-year Dutch bond yields ended three basis points below comparable bund yields.

Prices in 10-year Belgian bonds rallied by around ⅜ point following the rate moves.

■ THE DANISH bond market rallied strongly yesterday, adding to larger gains made on Tuesday, when the market soared ahead. The authorities cut interest rates by half a point yesterday, sparking a rally in the bond market of more than half a point.

■ FRENCH government bonds recovered after a weak start to end half a point higher. However, the tone of the market remains rather nervous in the run up to the National Assembly elections later this month. There is still concern that easing by the Bundesbank will be too cautious to avert a slump in the French economy, partly as a result of high interest rates to protect the currency.

■ THE GILTS market ended ¼ point higher yesterday, boosted by news that the latest £300m gilt tap had been absorbed by the market. Dealers are now focusing on next week's Budget, with widespread speculation that this will include a move to deal with the government's mounting public sector borrowing requirement.

■ ITALIAN bond prices recovered somewhat yesterday, after prime minister Giuliano Amato won a key vote of confidence in the Senate. Prices ended about ¼ point higher

■ US Treasury prices settled into a narrow trading range yesterday morning after posting early gains.

By midday, the benchmark 30-year government bond was up ⅛ at 105$\frac{1}{16}$, yielding 6.727 per cent. At the short end, the two-year note was up $\frac{1}{32}$ at 99$\frac{29}{32}$, to yield 3.978 per cent.

In the middle of the maturity range, however, prices were slightly weaker amid reports of selling by the German central bank. The seven-year note was down $\frac{1}{16}$ at 104$\frac{13}{32}$, yielding 5.585 per cent.

Prices at the short and long end of the market opened firmer, aided by continued defeasance buying by municipal funds, and some short covering by dealers. Otherwise, business was relatively quiet, with many market participants choosing to stay on the sidelines until the afternoon, when President Bill Clinton was due to unveil his package of measures to ease the credit crunch.

FT FIXED INTEREST INDICES

	Mar 10	Mar 9	Mar 8	Mar 5	Mar 4	Year ago	High *	Low *
Govt.Secs.(UK)	97.86	97.98	98.04	97.71	97.12	88.87	98.04	85.11
Fixed Interest	113.76	113.71	113.83	113.14	113.02	100.19	113.83	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Mar 9	Mar 8	Mar 5	Mar 4	Mar 3
Gilt Edged Bargains	131.1	140.7	134.9	122.8	141.1
5-Day average	134.1	135.5	137.4	132.5	131.9

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	115.2790	+1.165	7.72	7.82	8.76
BELGIUM		9.000	03/03	112.4350	+0.410	7.22	7.48	7.63
CANADA *		7.250	06/03	98.4000	-0.500	7.47	7.25	7.86
DENMARK		8.000	05/03	99.9000	+0.550	8.01	8.42	8.75
FRANCE	BTAN	8.000	05/98	104.0500	+0.780	7.02	7.40	7.54
	OAT	8.500	04/03	108.4900	+0.570	7.28	7.35	7.72
GERMANY		7.125	12/02	104.6800	+0.480	6.48	6.61	7.02
ITALY		12.000	05/02	97.0700	+0.290	12.93†	13.08	12.91
JAPAN	No 119	4.800	06/99	104.7528	-0.481	3.86	3.79	4.09
	No 145	5.500	03/02	110.0239	-0.442	3.99	3.91	4.30
NETHERLANDS		7.000	02/03	104.1300	+0.690	6.42	6.57	7.01
SPAIN		10.300	06/02	94.4700	+0.570	11.27	11.68	11.24
UK GILTS		7.250	03/98	103-00	-3/32	6.54	6.58	6.70
		8.000	06/03	98-12	+8/32	7.62	7.63	8.00
		9.000	10/08	106-08	-	8.06	8.16	8.53
US TREASURY *		6.250	02/03	102-04	-6/32	5.96	5.89	6.29
		7.125	02/23	104-18	-17/32	6.77	6.80	7.17
ECU (French Govt)		8.000	04/03	103.9300	+0.580	7.43	7.68	8.08

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on March 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¼	106¾	-⅛	4.45	ARBED 7 1/2 95 LFr	600	98	99	+⅛	8.44
ALBERTA PROVINCE 9 3/8 95	600	110⅜	111⅛	-⅛	4.90	ECSC 7 3/4 94 LFr	1000	99⅞	100⅜	+⅛	7.80
AUSTRIA 8 1/2 00	400	113½	114	-⅛	6.04	WORLD BANK 8 96 LFr	1000	101	102⅜	+¼	7.62
[illegible]						[illegible]					
DEUTSCHE MARK STRAIGHTS						FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn	
[illegible]						[illegible]					
SWISS FRANC STRAIGHTS						CONVERTIBLE BONDS	Issued	Cnv. Price	Bid	Offer	Prem.
[illegible]						[illegible]					
YEN STRAIGHTS											
[illegible]											

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	37	15
Other Fixed Interest	6	0	9
Commercial, Industrial	301	275	839
Financial & Property	159	87	547
Oil & Gas	21	11	51
Plantations	0	1	7
Mines	26	32	79
Others	52	40	32
Totals	590	483	1,579

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
51	F.P.	-	75	52	Intl. Food Machinery	72	-3	-	-	-	-
-	F.P.	-	95	91	ψMerlin Intl Units	95		H3.4	-	4.8	-
§210	F.P.	-	280	262	Motor World	278		R6.3	2.5	3.0	17.3
-	F.P.	-	98	84	New City & Comml. Inv.	92		-	-	-	-
-	F.P.	-	28	18	Do. Warrants	25	+1	-	-	-	-
100	F.P.	-	100	98	Pilot Inv. trust	99	-½	-	-	-	-
-	F.P.	-	28	21	Do Warrants	27		-	-	-	-
110	F.P.	-	141	136	Yorkshire Food	138		W2.88	2.6	2.8	16.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	115p	102¼p	Airtours 6¾p (Net) Cv. Pf. (ex-div)	114½p	+½
100p	F.P.	-	121½p	115½p	Bristol Water 8¾pc Pf.	121½p	+¼
100p	F.P.	-	112¼p	105¼p	Commercial Union 8¾pc Cm. Pf.	112¼p	+¼
100	F.P.	-	114½	109½	NFC 7¾pc Cv. Bd. 2007	109½	-1¼
60p	F.P.	-	60p	54p	Merlin Intl. Green Zero Prf.	58¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
30	Nil	31/3	62pm	37pm	Bellway	37pm	
295	Nil	22/4	62pm	45pm	Berkeley	45pm	-4
440	Nil	11/3	97pm	70pm	Bowater Units	73pm	
405	Nil	23/4	66pm	62pm	British Polythene	65pm	
170	Nil	16/4	18pm	17pm	Cookson	17pm	-1
239	Nil	21/4	41pm	40pm	Gold Greenlees Trott	40pm	
52	Nil	13/4	14pm	7pm	Howden Group	14pm	+3
450	Nil	15/3	109pm	78pm	Kingfisher Units	90pm	-1
7½	Nil	5/4	8pm	6pm	MMI	7½pm	+½
520	Nil	18/3	67pm	52pm	‡Menvier-Swain	52pm	-7
40	Nil	11/3	42pm	32pm	PizzaExpress	39pm	+1
10	Nil	8/4	7½pm	3pm	Stonehill Hldgs. A	3pm	-½
60	Nil	13/4	20pm	14pm	Trafalgar House	18½pm	
140	Nil	6/4	31pm	27pm	Triplex Lloyd	30pm	
16	Nil	2/4	6pm	4½pm	WIOs Group	5½pm	-¼
330	Nil	18/5	54pm	34pm	Yorkshire Chemicals	54pm	+4

a Annualised dividend. b Figures based on prospectus estimates. e Assumed dividend and yield. g Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. z Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1993-94. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Prize at a premium. ψ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

- First Dealings March 8
- Last Dealings March 19
- Last Declarations June 17
- For settlement June 28

3-month call rate indications are shown in Saturday editions.

Calls in Amstrad, Carlton Comms., First Natl. Fin., Haemocell, Hanson Trust, IBM, Kunick, London Finance & Invs., Tepnel Diagnostics and Vistec. Put in Saatchi & Saatchi. Doubles in ASDA and Kunick.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*579)	550	40	52	62	6	23	29
	600	11	26	36	30	52	58
ASDA (*72)	67	8	13	14½	2½	5½	7
	76	4	9	12	8½	11	12
Brit. Airways (*296)	280	23	30	36	6	18	23
	300	11	21	26	15	28	33
SmKl Bchm A (*471)	460	22	39	50	12	26	32
	500	28	39	50	9	24	30
Boots (*514)	500	28	39	50	9	24	30
	550	5½	18	28	40	55	57
B.P. (*287)	280	16	26	30	7	15	19
	300	6	16	22	18	25	30
British Steel (*87)	80	9½	15	17½	2½	7	8
	90	4	9½	12½	6½	11	14
Bass (*582)	550	41	58	72	6½	22	27
	600	12	32	44	27	45	50
C & Wire (*723)	700	37	57	72	12	31	41
	750	13	33	46	37	62	69
Courtaulds (*602)	600	26	42	57	16	37	45
	650	7½	22	36	48	68	75
Com. Union (*625)	580	54	72	76	4	14	20
	629	17	41	48	19	33	43
Fisons (*204)	200	16	26	34	11	24	29
	220	7½	18	27	24	37	41
GKN (*484)	460	28	38	44	11	21	29
	500	6	21	26	36	44	53
Grand Met. (*470)	460	21	39	50	10	22	29
	500	7	23	32	36	45	51
I.C.I. (*1245)	1200	48	84	110	36	66	82
	1250	21	61	88	68	94	110
Kingfisher (*547)	535	27	43	53	12	29	36
	584	7½	21	30	40	60	67
Ladbroke (*208)	200	13	21	30	9	19	26
	220	4	12	20	24	31	37
Land Secur (*498)	460	43	48	51	2	12	15
	500	13	22	28	13	33	35
M & S (*353)	330	29	34	42	3½	11	14
	360	9	18	26	15	25	28
Sainsbury (*530)	500	39	52	59	5½	18	22
	550	11	24	33	27	43	48
Shell Trans. (*579)	550	37	53	61	4	12	20
	600	8	25	31	27	34	44
Storehouse (*185)	180	16	24	30	7	15	18
	200	6½	14	19	18	26	30
Trafalgar (*78)	74	7½	12	15	3	6	8½
	83	3½	7½	11	7¼	11	13
Utd. Biscuits (*379)	360	25	31	41	8½	17	22
	390	6½	18	26	28	35	38
Unilever (*1245)	1200	56	80	105	15	35	46
	1250	21	53	77	48	63	73
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*279)	260	39	59	61	17	26	27
	280	28	40	52	27	36	46

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*792)	750	59	79	81	11	24	32
	800	29	43	56	30	45	55
BAT Inds (*955)	950	32	52	63	43	54	73
	1000	14	33	44	79	85	105
BTR (*589)	550	43	52	59	8	13	19
	600	12½	23	31	33	37	45
Brit. Telecom (*437)	420	31	37	42	8	17	22
	460	9½	16	23	27	39	44
Cadbury Sch (*507)	500	19	32	44	20	28	37
	550	6	15	25	59	63	67
Eastern Elec (*478)	460	36	44	49	11	23	29
	500	15	23	29	31	46	50
Guinness (*470)	460	26	35	48	23	30	36
	500	8½	20	31	46	53	56
GEC (*300)	300	13	18	22	11	19	22
	330	3	7½	11	32	41	42
Hanson (*255)	240	21	25	29	3½	8	11½
	260	8	14	18	12	17	21
LASMO (*187)	180	17	26	31	14	19	26
	200	8	17	22	26	31	38
Lucas Inds (*141)	140	11	16	19½	11	15	21
	160	5	8	13	25	29	35
P. & O. (*581)	550	43	53	64	22	35	50
	600	18	30	40	54	62	79
Pilkington (*103)	100	13	16	19	8	13	15
	110	7½	12	15	14	18	20
Prudential (*339)	330	18	26	32	16	22	27
	360	6½	14	20	36	39	44
R.T.Z. (*690)	650	49	67	80	18	29	40
	700	21	40	54	44	55	67
Scot. & New (*461)	460	22	32	38	18	30	36
	500	6½	15	22	45	56	61
Tesco (*249)	240	18	24	30	10	15	19
	260	8½	15	21	23	26	30
Thames Wtr (*536)	500	48	53	58	5	16	20
	550	16	22	29	25	42	46
Vodafone (*417)	390	42	52	62	10	18	24
	420	22	34	46	20	32	39
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*389)	360	32	35	45	2½	11	18
	390	6	20	29	15	24	32
Amstrad (*31)	30	3	4½	7	2	3½	5
	35	1	2½	4½	5½	6½	8
Barclays (*410)	390	23	35	45	5	18	27
	420	5	21	29	22	34	43
Blue Circle (*222)	220	8½	18	25	6½	22	27
	240	3½	10	17	20	35	41
British Gas (*309)	300	13	18	24	5	13	17
	330	2	6	11	23	33	35
Dixons (*231)	220	15	25	30	4	12	20
	240	5	16	21	15	24	31
Eurotunnel (*484)	460	35	58	75	10	29	42
	500	11	37	55	30	50	63

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Glaxo (*682)	650	42	72	95	7	27	40
	700	13	46	68	26	51	63
Hillsdown (*160)	160	6	12	14	5	16	19
	180	2	5	8	21	30	32
Lonrho (*81)	80	4½	10	13½	2½	8	11½
	90	1	6½	9½	11	13½	18
HSBC 75p shs (*652)	650	21	42	60	18	43	55
	700	5	24	39	52	75	83
Natl Power (*332)	330	10	22	27	6½	15	23
	360	2	10	15	29	33	41
Reuters (*1430)	1400	35	85	120	30	64	98
	1450	12	63	97	65	95	118
R. Royce (*128)	120	10½	14	19	2½	9	13
	130	4½	10	14	7	14	19
Scot Power (*250)	240	13	23	25	2	7½	15
	260	2½	11½	15	12	17	26
Sears (*101)	100	4	8	12	3	7	10
	110	1	5	8	9	14	16
Forte (*207)	200	10	19	22	5	16	19
	220	2½	7½	13	18	29	32
Thorn EMI (*882)	850	40	65	75	5	21	39
	900	10	36	48	27	45	66
TSB (*177)	160	20	26	29	1½	6½	11
	180	5½	15	19	7	14	20
Vaal Reefs (*$38)	35	4½	7	7½	1½	2½	4
	40	1½	4	5	4	5	7
Wellcome (*907)	900	25	62	90	18	47	65
	950	7	38	67	50	76	92

EURO FT-SE INDEX (*2955)

	2775	2825	2875	2925	2975	3025	3075	3125
CALLS								
Mar	191	141	93	51	21	7	2	-
Apr	202	156	116	81	52	32	17	9
May	-	175	-	105	-	55	-	25
Jun	-	192	-	123	-	73	-	40
Sep	-	236	-	175	-	123	-	80
PUTS								
Mar	2	4	5	14	34	70	115	-
Apr	10	18	27	43	61	90	126	166
May	-	29	-	59	-	108	-	177
Jun	-	39	-	69	-	118	-	183
Sep	-	65	-	103	-	147	-	208

FT-SE INDEX (*2955)

	2800	2850	2900	2950	3000	3050	3100	3150
CALLS								
Mar	167	118	71	34	12	4	1	-
Apr	180	137	99	67	43	25	14	7
May	197	158	123	93	67	45	32	20
Jun	209	171	140	109	82	63	45	33
Dec †	292	-	230	-	175	-	134	-
PUTS								
Mar	2	3	[illegible]	[illegible]	[illegible]	[illegible]	195	-
May	12	19	51	70	94	125	161	202
Jun	33	47	63	82	107	136	170	209
Dec †	85	-	125	-	165	-	225	-

March 10 Total Contracts 30,194
Calls 19,742 Puts 10,452
FT-SE Index Calls 6,351 Puts 2,796
Euro FT-SE Calls 3,107 Puts 240
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Wed Mar 10	Day's change %	Tue Mar 9	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.83	-0.07	129.92	2.04	1.98
2	5-15 years (22)	150.79	+0.01	150.77	1.79	3.03
3	Over 15 years (8)	159.72	+0.02	159.69	0.61	3.10
4	Irredeemables (6)	182.33	-0.14	182.58	2.54	1.48
5	All stocks (60)	146.46	-0.01	146.48	1.73	2.66
	Index-Linked					
6	Up to 5 years (2)	183.95	+0.06	183.85	0.22	1.51
7	Over 5 years (12)	172.97	+0.27	172.77	0.61	1.14
8	All stocks (14)	173.29	+0.24	173.10	0.56	1.19
9	Debs & Loans (67)	130.29	+0.21	130.02	2.10	2.24

	AVERAGE GROSS REDEMPTION YIELDS		Wed Mar 10	Tue Mar 9	Year ago (approx.)
	British Government				
1	Low	5 years	6.51	6.49	8.98
2	Coupons	15 years	7.56	7.57	9.42
3	(0%-7¾%)	20 years	7.84	7.84	9.42
4	Medium	5 years	6.77	6.75	9.69
5	Coupons	15 years	8.06	8.07	9.52
6	(8%-10¾%)	20 years	8.23	8.24	9.47
7	High	5 years	6.94	6.92	9.92
8	Coupons	15 years	8.29	8.28	9.65
9	(11%-)	20 years	8.38	8.37	9.57
10	Irredeemables (Flat Yield)		8.34	8.33	9.61
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.00	2.02	3.60
12	Inflation rate 5%	Over 5 yrs.	3.44	3.46	4.40
13	Inflation rate 10%	Up to 5 yrs.	1.18	1.19	2.96
14	Inflation rate 10%	Over 5 yrs.	3.26	3.28	4.23
15	Debs &	5 years	8.43	8.46	10.97
16	Loans	15 years	9.14	9.17	10.77
17		25 years	9.38	9.40	10.62

Pre-Christmas boost and strong US performance behind advance

Cadbury Schweppes hits £333m

By Guy de Jonquières, Consumer Industries Editor

BUOYANT pre-Christmas trading in Britain and a strong performance in the US helped Cadbury Schweppes, the confectionery and soft drinks manufacturer, lift pre-tax profits 5.7 per cent to £332.7m over the 53 weeks to January 2.

The result, which compares with £314.7m last time, was ahead of analysts' forecasts. It was achieved in spite of a deterioration in performance in continental European markets and the Pacific Rim region. Sales rose to £3.37bn (£3.23bn).

Mr Dominic Cadbury, chief executive, said the improved trading in Britain had continued in January and February. He did not expect the effects of recession to be any worse in continental Europe this year and the company had already acted to strengthen its operations there.

Changing competitive conditions were offering more opportunities for acquisitions on the continent, which the company was well-placed to exploit. "We see acquisitions, as opposed to organic growth, as a card we can play," he said.

Lydia van der Meer

Dominic Cadbury (left) with chairman Sir Graham Day: The improved trading in Britain has continued in the current year

Mr Cadbury added that the recent acquisition by Philip Morris, the large US tobacco and food group, of Terry's, United Biscuits' chocolates division, was unlikely to have much impact on Cadbury in the UK.

In the UK, a strong contribution from beverages lifted trading profit to £172.6m (£160.2m), though a £14m restructuring charge depressed the performance of confectionery. The Cadbury and Trebor Bassett businesses increased market share, while Coca-Cola Schweppes Beverages raised volumes.

In the Americas, trading profit advanced to £72.8m from £42.8m, thanks to an 89 per cent rise in the results from beverage operations. Carbonated drinks and Mott's juice performed well in the US, while Aguas Minerales, the Mexican soft drinks company acquired last year, met expectations.

In continental Europe, trading profit fell to £49m (£76.2m) on a poorer performance by the soft drinks businesses. The company blamed difficulties in the Spanish market, recession, poor summer weather, higher marketing costs and a decline in sales through hotels, restaurants and cafés. However, trading profit on confectionery rose 18 per cent.

In the Pacific Rim, trading profit slipped to £55.9m from £64.2m, due to effects of poor weather on beverage sales in Australia.

Marketing spending grew 13 per cent to £388m, though capital expenditure fell 18 per cent to £191m. Net cash flow from operations improved by £42m, while debt was reduced to £462m (£542m).

Earnings slipped to 26.81p (27.51p) but the final dividend is raised 6.5 per cent to 9.9p, bringing the total to 13.2p (12.5p).

See Lex

Hanson link adds to Shanks landfill

By Richard Gourlay

HANSON, the Anglo-US conglomerate, has taken a 4.7 per cent stake in Shanks & McEwan, the waste management group, and has granted in return additional rights at existing landfill sites.

The deal, worth £18m in shares and £2.2m for the assumption of certain liabilities, will give Shanks access to an additional 21.7m cu m of void at four sites in Bedfordshire, Buckinghamshire and Cambridgeshire.

Mr Roger Hewitt, chief executive, said the acquisition would provide a continuity of landfill operations at two of the sites into the next century.

It is unusual for Hanson to take minority stakes in companies, but it is not the first time the conglomerate has been on Shanks' register.

In 1986 when it sold London Brick Landfill to Shanks, Hanson retained a 20 per cent stake in the business which it held until 1991. Mr Hewitt welcomed Hanson back as a shareholder.

The deal will be dilutive for Shanks in the first year as it is issuing 8.73m ordinary shares to Hanson.

Shanks will also be paying 15 per cent of revenues to Hanson from disposal of waste in the acquired void.

The company handles more than 7m tonnes of waste a year and now has 85.2m cu m of consented landbank, after the addition of 9m cu m just acquired from Hanson.

Shanks has an option to buy a unconsented void from Hanson in Bedfordshire for an additional £7.25m cash.

Medeva surges to £36m following hectic year

By Richard Gourlay

MEDEVA, the rapidly growing pharmaceuticals company, yesterday reported a 47 per cent increase in earnings per share after a hectic year of corporate activity that saw sales rise 75 per cent.

Pre-tax profits for the 12 months to end-December surged from £16.7m to £36m, on sales of £144.2m.

Fully diluted earnings per share increased from 8.3p to 12.2p.

The recommended final dividend goes up by 50 per cent to 1.5p, making a total of 2.25p (1.5p) for the year.

Mr Bernard Taylor, chairman, said Medeva was in a "transition from an association of acquired businesses into a much more integrated (prescription-based) pharmaceutical company."

Acquisitions and investment meant a net cash position of £40.7m turned into net debt of £34.2m, giving gearing of 47 per cent at the year-end after generating £34.2m from operations.

Interest was covered 27 times by operating profit.

Gross margins increased by 10 percentage points to 55 per cent but the tax rate jumped from 18 per cent to 30 per cent and is heading for 33 per cent this year.

Mr Taylor said it was difficult to identify exactly the level of organic growth but that it was in excess of 20 per cent.

This growth was a measure of the quality of the products and the marketing organisations Medeva has bought with a number of its acquisitions.

"We are obtaining synergies," said Mr Taylor. "Not one of our acquisitions is on the basis that it would be additive."

The group was continuing to put in place the building blocks for a significant pharmaceuticals company and would, therefore, be making acquisitions through the issue of new shares rather than more debt.

Medeva still needed geographical coverage in Germany, Italy and the Benelux countries and would be looking for new product lines and products that were nearing the end of their development process.

● COMMENT

Medeva's relative under-performance in the last eight months is surprising for a company doubling profits and lifting earnings by 47 per cent. On profits forecast at £50m this year, or 14.7p of earnings, the shares still trade at only a modest premium to the market. But Medeva is weighed down by special factors that go beyond membership of an out-of-favour sector. Firstly, pharmaceuticals investors are unused to such quick-fire acquisition and remain, frankly, uncertain of the quality of organic growth. On top of this lingering incredulity is a more traditional fear – that Medeva will make another big acquisition soon and reduce debt through a sizeable rights issue. On both counts, now may be the time to reassess. Underlying growth appears to be reaping benefits in the US – although Mrs Clinton's health reforms may yet surprise. And investors should remember that, to date at least, Medeva has deployed its rights proceeds to great effect, even if the acquisitions have obscured the organic growth.

Wider use granted for Zeneca drug

By Paul Abrahams

ZENECA, Imperial Chemical Industries' fully-owned bioscience subsidiary, has received a licence in the US for Diprivan, its anaesthetic, to be used for intensive care purposes.

The drug, one of Zeneca's three fastest-growing compounds, is already available in the US for use for surgical applications. World-wide sales rose by nearly 50 per cent last year to more than £140m.

Zeneca is stressing the need to obtain new indications for existing products as a means of generating growth.

Dr Tom McKillop, Zeneca pharmaceuticals technical director, said recently that the company expected seven new indications to be approved this year.

"Pharmaceutical R&D is not only about submissions for new chemical entities. You must ensure you get the very best from your existing products," he said.

Zeneca's drug division needs its three newer products, Zestril, a heart medicine, Zoladex, a cancer treatment and Diprivan to compensate for falling sales of Tenormin, its heart drug.

In the 12 months after its US patents expired, American sales fell by about 50 per cent.

ICI shareholders will vote in May on whether Zeneca should be completely separated from ICI.

Zeneca is scheduled to make a £1.3bn rights issue in June.

Willis Corroon warns of dividend cut as profits slide

By Richard Lapper

WILLIS CORROON, the UK's largest insurance broker, warned that it will cut its 1993 dividend after reporting a sharp fall in pre-tax profits from £67.1m to £42.5m due to a £25.7m increase in provisions at its Sovereign insurance subsidiary.

Willis declared an interim quarterly dividend of 1.65p, indicating that the full year dividend could be cut by 50 per cent. A full year dividend for 1992 of 13.2p was declared three months ago.

Willis made a provision of £25.7m at Sovereign, as claims from hurricane Hugo and other natural catastrophes from 1989, 1990 and 1991 continue to hit the company.

The company withdrew from the London commercial insurance and reinsurance market in 1991. Additional provisions are also needed because some of the company's reinsurers will not be able to meet claims.

"Some very serious problems are emerging. This is a very expensive baby to put through school," said Mr Charles Coyne, analyst with Credit Lyonnais Laing.

Profit from brokerage and other ongoing insurance operations amounted to £88.2m (£103.2m). Turnover rose to £607.2m (£577.3m), an increase of 1 per cent in underlying terms. Operating expenses rose to £568.7m (£521m), or by 2 per cent in underlying terms, partially reflecting increased expenditure on overseas acquisitions and an expensive refurbishment at the company's Trinity Square headquarters.

Interest and investment income fell to £53.9m (£67.4m), as a result of sharply lower interest rates.

● COMMENT

Despite yesterday's news on the dividend front, there are still reasons to be optimistic about Willis Corroon. The group should obtain benefit from the stronger dollar, in which it earns about 40 per cent of its revenue, while the strong performance by the Willis Faber & Dumas subsidiary, indicates things are going reasonably well in the London market, despite very tough trading conditions. Looking ahead though, more losses at Sovereign cannot be ruled out, while lower interest rates will continue to depress investment income. In the United States there is still no guarantee of a turnaround in rating, while Corroon & Black has a lot of work to do to improve the rate at which it is retaining customers.

Pre-tax profits could be pegged back to £60m this year. On yesterday's closing price of 190p that puts the share on a prospective multiple of 20. On balance, investors could well find better value elsewhere.

Rolls-Royce shows £20m loss as sales decline

By Kevin Done, Motor Industry Correspondent

ROLLS-ROYCE Motor Cars, the luxury car subsidiary of Vickers, the UK engineering group, suffered a trading loss of more than £20m in 1992, against more than £30m in 1991.

Retail sales of the group's Rolls-Royce and Bentley cars plunged by 20 per cent worldwide to 1,378 (1,713).

Sales have dropped by 58.7 per cent in the last two years, from 3,333 in 1990.

The luxury cars operation has been drastically restructured with a cut in the workforce from 5,500 at end-1990 to less than 2,500 at end-1992.

Sir Colin Chandler, Vickers chief executive, said that the Rolls-Royce break-even level had been reduced to about 1,300 cars a year from double this level in 1990.

After incurring trading losses of about £54m and exceptional restructuring costs of £49.6m in the past two years, Rolls-Royce Motor Cars was expected to break even in 1993 with forecast sales of about 1,350 cars, he said.

Car production fell last year to only 1,258, from 1,620 in 1991 and 3,274 in 1990.

Rolls-Royce Motor Cars' financial performance has deteriorated rapidly after achieving an operating profit of £32m in 1990, when wholesale car deliveries exceeded 3,200.

Sir Colin said that the luxury cars subsidiary was now "well-placed to benefit strongly from any sustained increase in demand from current depressed levels" in the wake of the two-year rationalisation programme. "Even a modest upturn in key markets will help restore profitability.

Last year Rolls-Royce and Bentley sales fell by 63 per cent in Japan to 91 (248), while in the UK they fell by 23 per cent to 380 and in continental Europe by 26 per cent to 294. Sales in North America rose by 1 per cent to 412.

Sir Colin said that Rolls-Royce Motor Cars was still working a four-day week with no output on Fridays. Production could be raised to about 2,000 cars a year without any increase in the present workforce.

He added that the group was still ruling out the development of a new model range in the medium-term but would continue with "evolutionary engineering" of the present range.

The priority was to return Rolls-Royce to profitability, but in the longer-term Vickers would again look for a partner to share the development costs of a new model range.

FT-SE Actuaries changes

THE FT-SE Actuaries UK Indices Committee announced yesterday that the following constituent changes to the UK Series of the FT-SE Actuaries Share Indices will be made on Monday March 22 1993:

FT-SE 100. For inclusion: Asda Group. For exclusion: WH Smith.

FT-SE Mid 250 and FT-SE Actuaries 350. For inclusion: Danka Business Systems, Barratt Development, Owners Abroad, FR Group, TT Group, Henderson Administration Group. For exclusion: Etam, Amstrad, Sherwood Group, Hewden-Stuart, Amec, Hartstone Group.

Companies promoted from the FT-SE Mid 250 to the FT-SE 100 will be replaced in the FT-SE Mid 250 by those companies excluded from the FT-SE 100. Companies excluded from the FT-SE Mid 250/FT-SE Actuaries 350 will be included in the FT-SE SmallCap.

Approved for inclusion in the FT-SE SmallCap from March 22 1993 were the following new issues: Critchley Group, Foreign & Colonial Pep Inv Trust, Hunters Armley Group, Linx Printing Technology, Second Consolidated Trust, Tadpole Technology, Vardon, JD Wetherspoon.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BAT Inds	fin	22.6	June 1	11.2	37.2	33.6
Cadbury	fin	9.9	May 28	9.3	13.2	12.5
Cluff Resources	fin	nil	-	1	nil	1
Everest Foods	int	1.2	May 6	1.1	-	3.5
Fleming Merc	fin	1.675	May 4	1.9	6.7	6.7
GKN	fin	12.5	June 2	12.5	20.5	20.5
Grahams Rintoul	fin	0.25	Apr 20	0.25	0.25	0.25
Haggas (John)	int	1	Apr 23	1	-	3
Kleinwort Small	fin	2	May 17	2.6	4	4.6
Medeva	fin	1.5	May 21	1	2.25	1.5
Mucklow (A&J)	int	2.963	July 1	2.822	-	5.925
Roseby's	fin	3	May 14	-	3.9☆	-
Standard Chart	fin	13	June 3	13	20	20
T&N	fin	7.25	July 1	7.25	10.85	10.85
Vickers	fin	1	May 7	2.3	1.5	6
Willis Corroon	int	1.65*	Apr 1	3.3	-	13.2

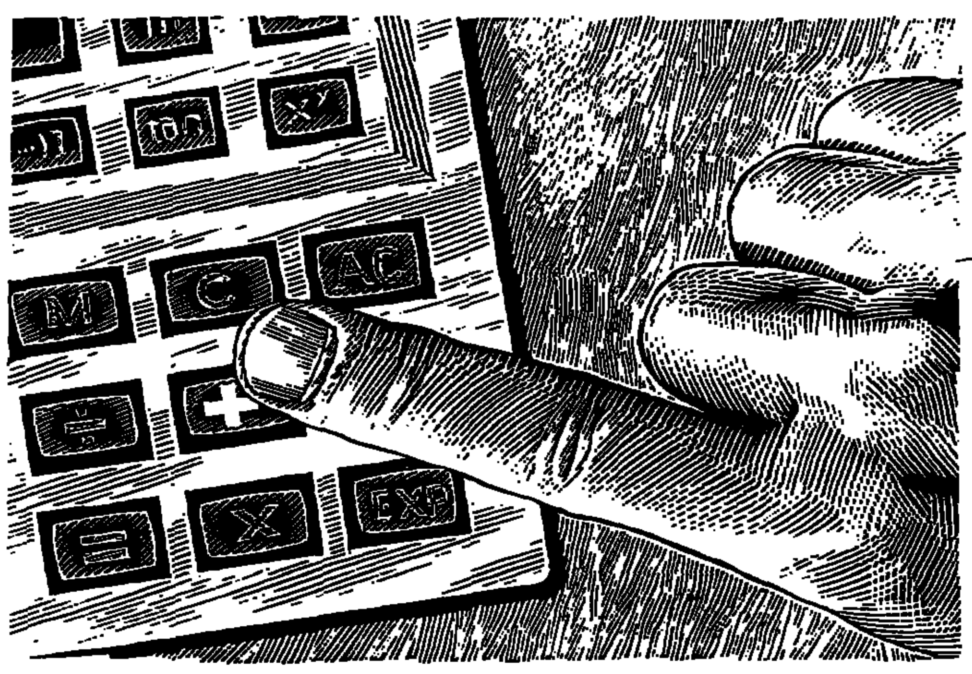
Dividends shown pence per share net except where otherwise stated. ☆For 10 months. *First interim.

Fleming Mercantile net assets at 292.2p

Fleming Mercantile Investment Trust reported a net asset value of 292.2p per share as at January 31, up from 269.6p a year earlier.

Available revenue amounted to £6.53m (£10.1m) for earnings of 4.52p (7p) per share.

The fourth quarterly dividend is 1.675p, maintaining the year's total at 6.7p.



BAT sees 'sin tax' of $2 as unrealistic

By Andrew Bolger

SIR PATRICK Sheehy, chairman of BAT Industries, said he expected that President Clinton would impose a federal "sin tax" on tobacco, but thought it was unlikely to start before 1994.

While he did not rule out an increase in tax from 24 cents a packet to 50 cents or even higher, Sir Patrick said he thought rumours of a levy of $2 per packet being spread by anti-smoking campaigners were "totally unrealistic".

He said: "People can just roll their own, and America is a tobacco-growing country. There is also a huge land border – Canada has seen a big increase in smuggling since prices were increased there."

Sir Patrick gave three reasons for confidence, even if US taxes were increased – BAT's high level of cigarette exports from the US, the continuing growth in world demand for tobacco, and the group's expectations that its financial services businesses would show further growth and recovery.

BAT said that it was particularly encouraging that cigarette exports, especially from the UK, US, Germany and Brazil, had grown by a further 23 per cent. Exports now accounted for almost a quarter of group sales.

Export volumes from the UK had increased substantially, mainly to the Far East. With export growth set to expand further, a £175m development programme was well under way at BAT's Southampton factory, which exports all its output. The group's annual production capacity in the UK will eventually rise to 55bn cigarettes.

BAT has also authorised a large investment programme at its plant at Macon in the US, which will increase its annual capacity by 50 per cent, to 150bn cigarettes.

Sir Patrick said: "This export success is all the more important in the light of the extremely competitive pressures which were affecting margins in the US domestic market. However, we are improving market share there, particularly in the rapidly growing value-for-money segment."

Domestic market share also grew in Germany and Australia, where there had been a good recovery.

The group's market share had remained stable in Brazil, at 83 per cent, even though the overall market volume increased in the face of difficult market conditions.

However, it said that more realistic pricing had led to a notable increase in trading profit.

In Asia, BAT Hong Kong's domestic volumes and market shares were down, while profits were lower due to excise increases and higher costs. Elsewhere, volumes and profits were higher overall.

Irish political football becomes a hot potato

The chief executive of Aer Lingus may not be the only head to roll, writes **Tim Coone**

MR CATHAL Mullan, who until Tuesday night was the chief executive of Aer Lingus, the Irish state airline, must be pondering the irony of his fate. He was due to chair a conference next month entitled "The Management Paradox – Survival, Growth and Jobs" organised by the Irish Management Institute.

His own job has now gone, 600 others in the company will go shortly, and big asset sales are in the pipeline as the group struggles for survival, with trading losses running at I£40m a year. Losses will be compounded this year by I£50m in extraordinary items – I£20m in redundancy costs and an I£30m write-down on its shareholding in GPA, the aviation leasing group.

Mr Mullan resigned following the announcement on Tuesday that Mr Bernie Cahill, who was appointed group chairman in August 1991, has been appointed by the government as executive chairman and been instructed by the minister of transport to "take whatever action necessary to restore the company to commercial viability".

Transport minister Brian Cowan indicated that such actions will include a revision of air fares, the sale of non-core assets and across-the-board cost reductions, which will involve the shedding of some 600 jobs out of a worldwide workforce of 13,000.

Mr Mullan's head may not be the only one to eventually roll out of the boardroom. But at the moment, the move to appoint Mr Cahill as the executioner has the opposition crying "scapegoat".

"It appears to have been a forced resignation . . . There seems to be a deliberate attempt by the government to distance themselves from what is a very hot political potato", said Mr Michael Noonan, transport spokesman for the opposition Fine Gael party

Mr Michael Noonan, the transport spokesman for the opposition Fine Gael party, said: "It appears to have been a forced resignation. I would like to see the minister making a fuller statement as to why Mr Cahill did not appear to act as chairman for the past 18 months, and yet is now being asked to act in a very short period of time... There seems to be a deliberate attempt by the government to distance themselves from what is a very hot political potato."

Aer Lingus has been facing financial difficulties for several years – a result of a too-rapid expansion of its fleet during the late 1980s, coinciding with a downturn in air traffic triggered by the Gulf war and the recessions in the US and UK. This has caused interest charges to soar, while fare competition on its main routes has become intense.

Remedial action has not been taken sooner, however, due to a policy, pursued by successive governments, that Aer Lingus should not simply be a national air carrier, but should also be a tool of regional development policy within Ireland.

For instance all transatlantic flights, including those of other airlines into and out of Ireland, are obliged to make a stop-over at Shannon in the west of the country. The company has argued strongly that this has put it at a disadvantage with cheaper routes out of London. It also operates a number of domestic routes which other carriers have pulled out of due to their lack of profitability.

The airline carried 4.3m passengers last year on 43 routes in 11 countries. Forty per cent of them were on the busy, but intensely competitive Dublin-London route, while 400,000 travelled on transatlantic flights. Average revenue per passenger kilometre was 9.2p in 1992, although for the transatlantic routes this fell to 4.1p last year, while for the European routes it was 13.4p.

A company spokesman said yesterday: "Few of our routes could be described as profitable at the moment."

The government, however, wants to keep the present route structure, and particularly the transatlantic ones, as intact as possible, preferring to keep the core airline business up and running, while disposing of profitable subsidiaries.

Most likely to come under the auctioneer's hammer is the group's chain of 14 hotels in the UK, which forms the Copthorne Hotel group, although in the present economic climate in the UK, it is unlikely to get a good price for them. Other possibilities include Team Aer Lingus, the six-hangar aircraft maintenance facility in Dublin, although such a move would most likely face stiff political opposition.

The Labour party, one of the partners in the coalition government, did extraordinarily well in the last general election in the north Dublin area, largely on the back of promises made to Aer Lingus workers that government capital would be pumped into the airline to secure its survival.

In a country of already high unemployment, jobs has become a watch-word for votes, and Aer Lingus has for years been the quintessential political football. Unfortunately for Mr Mullan, who has served 36 years with the group, now that the cost of that policy is no longer sustainable, he has been the first to pay the price. It will be interesting to see which other heads roll as Mr Cahill's axe falls.

AER LINGUS

	Financial Year (Figures in I£m)					
	86-87	87-88	88-89	89-90	90-91	91-92
Air transport division operating profit/loss	(2.3)	5.2	2.8	(9.3)	(19.6)	(8.8)
Group pre-tax profit/loss	19.5	36.5	40.1	39.1	6.6	(3.1)

Source: Aer Lingus Group annual report 91-92

Mortgage claims hold back recovery at Eagle Star

By Richard Lapper

INSURANCE claims stemming from the slump in the property market have slowed the pace of recovery at Eagle Star.

The composite insurer, which is a subsidiary of BAT Industries, yesterday reported pre-tax losses of £71.4m for 1992, compared with a £394m deficit previously.

Eagle Star declared losses of £146m on commercial mortgage indemnity policies, a line of business which it no longer underwrites. On all classes of mortgage indemnity business the company has paid more than £900m in claims since 1990.

The £146m figure included a £77m loss on "agency pool" business, which relates to the insurance of loans made by centralised mortgage lenders, following the adoption of a more cautious accounting policy for this class of business.

Losses from domestic mortgage indemnity business, which Eagle Star continues to underwrite (although on a different basis), declined from £213m to £97m.

Mr Clive Coates, finance director, warned that new claims could emerge in 1993 as a result of an increase in mortgage arrears.

Existing provisions amount to £307m on commercial mortgage business, £150m on agency pool business and £220m on domestic mortgage indemnity business, making a total of nearly £680m.

Gross claims on all mortgage indemnity business paid in 1992 amounted to £260m (£230m after reinsurance recoveries).

These losses offset an improved performance on most other lines of business. UK underwriting losses from personal insurance (home and motor) fell to £75.2m and on commercial insurance to £64.5m, as a result of more selective underwriting and premium rate increases of between 5 and 20 per cent.

Non-life premium income increased to £1.9bn (£1.7bn), but life business premiums fell to £866m (£940m), partially because Eagle Star Life has reduced its involvement in the single premium bond market

Overall underwriting losses on "continued business" were £280.3m (£563.7m). Investment income rose to £237m (£219m). Life profits were £50.2m (£55.3m). Operating profits of £14.5m on continued business compared with losses of £145m (£123m loss) and gains on disposal of discontinued operations of £58.8m (£31.1m).

BAT Industries' other financial services operations both performed well. Farmers, the California-based company, reported pre-tax profits of £408m, up 14 per cent.

Allied Dunbar, the Swindon-based life insurance subsidiary, announced a post-tax surplus of £114m, 8 per cent up on 1991 and a pre-tax surplus of £123m, marginally ahead of last year.

New business was 9 per cent down, however, reflecting the continued impact of recession among the self-employed and small company sectors.

Cheltenham & Gloucester falls 29% to £130.6m

By John Gapper
Banking Correspondent

CHELTENHAM & Gloucester Building Society yesterday reported a 29 per cent fall in pre-tax profits, from £183.8m to £130.6m, for the 12 months to December 31 after making large provisions against loans inherited from the troubled Portsmouth Building Society in 1991.

Cheltenham & Gloucester's performance was heavily weighed down by its exposure to the southern housing market, although it continued to expand its share of the UK mortgage market with a growth in assets to £16.1bn (£14.8bn).

Although operating profits rose by 34 per cent to £341.3m (£255.5m), the society nearly tripled its provisions for bad debts to £210.7m (£71.7m). This included £90m on loans made by the Portsmouth, and some commercial loans.

The Portsmouth merger was one of the cases during 1991 in which larger societies took on small southern-based societies with poor mortgage books.

The society said yesterday that it did not envisage that further provisioning would be required in the current year to cover inherited problems. It said its mortgage book remained strong by comparison with other societies.

The post-tax return on mean assets fell to 0.56 per cent (0.95 per cent), while management expenses per £100 of mean total assets fell to 63p (68p).

The society raised its net share of the mortgage market despite an overall fall in lending to £2.3bn (£3.6bn).

It also had a net retail inflow of £474m (£709m) despite an overall net outflow for the industry of £295m during 1992.

Mr Andrew Longhurst, chief executive, said the need for "prudent provisioning in 1992 to cover one-off items should not detract from the fundamentally sound operating profits and quality mortgage book".

PUBLIC WORKS LOAN BOARD RATES
Effective March 9 1993

	Quota loans*		
Years	EIP†	A††	At maturity§
1			5⅝
Over 1 up to 2	5¾	5¾	6⅛
Over 2 up to 3	6	6	6½
Over 3 up to 4	6¼	6¼	6⅞
Over 4 up to 5	6⅜	6½	7⅛
Over 5 up to 6	6⅝	6⅝	7½
Over 6 up to 7	6¾	6⅞	7⅞
Over 7 up to 8	6⅞	7	8⅛
Over 8 up to 9	7⅛	7¼	8⅜
Over 9 up to 10	7¼	7½	8⅝
Over 10 up to 15	8⅛	8½	9⅛
Over 15 up to 25	9	9⅛	9⅜
Over 25	9¼	9⅜	9⅜

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMPANY NEWS: UK

Automotive and engineered products assumed growing importance for the group

Cost cutting helps GKN rise to £122m

By John Griffiths

STRINGENT cost-cutting helped GKN, the motor components and industrial services group, increase pre-tax profits by 77 per cent, from £68.7m to £121.8m, in the year to end-December.

The improvement was made on turnover only 3.8 per cent higher, at £2.53bn from £2.43bn.

The profits rise is pared to 23 per cent on a pre-FRS 3 basis, reflecting much larger below-the-line losses incurred in 1991 on the sale or closure of businesses.

Nevertheless, Sir David Lees, chairman and chief executive, was able to present a picture of improving prospects for the group in the UK and North America, coupled with a caution about deteriorating markets in continental Europe.

The net effect, said Sir David, is that any financial progress GKN makes this year will once again depend mainly on the group's ability to make further progress on cost-cutting and productivity.

Trevor Humphries

Sir David Lees arriving for the press briefing yesterday

The group is setting aside £10m for further restructuring compared with a higher-than-expected £13m last year.

A maintained final dividend of 12.5p makes an unchanged total of 20.5p compared with earnings per share of 18.6p (4.1p).

With GKN's industrial services and distribution businesses being hit by a variety of recession-related problems, automotive and engineered products last year assumed growing importance for the group. They accounted for £1.52bn, or 76 per cent, of turnover, up from £1.41bn previously, with trading profit rising from £60m to £95m.

In contrast turnover on industrial services and distribution fell to £471m from £512m, and trading profit to £31m from £35m.

The group's share of sales by associated companies, at £532.8m, was £25.9m above 1991, but the share of profits down marginally at £24.2m (£28.5m), largely as a result of a £3m loss at UES Holdings.

Further progress on reducing debt has cut gearing to 23.3 per cent from 26.4 per cent, said Sir David. However GKN's tax bill rose sharply, from £41.3m to £56.8m, prompting Sir David to call for legislative changes to reduce the burden of unrelieved Advance Corporation Tax. He protested that ACT now accounted for 12 percentage points of the tax charge.

● COMMENT

GKN has won considerable credit for the way it has managed recession so far. However, the restatement of last year's figures under FRS 3 show just how much pain it took in 1991 when pre-tax profit fell to a third of 1989's £206m peak. It is worth emphasising the "so far" because European car sales are expected to fall by 1m this year from last year's 13.4m total. Fears are commonly expressed about the potential for severe competition, particularly from German suppliers. While US recovery should provide a cushion, the speed with which manufacturers have increased output ahead of actual sales suggests there could be some hiccups. Whatever the quibbling over market prospects and over the quality of some of GKN's non-auto earnings, you have to admire the cash management. Net debt has virtually halved since December 1989. This has been achieved without a rights issue, whereas T&N has had two. This year a pre-tax profits forecast of £150m gives a prospective p/e of 19 on yesterday's 485p close. After rising by nearly 50 per cent in six months, the price derives some support from the 5.6 per cent yield.

T&N shows 56% advance to £63m

By Jane Fuller

WITH UK performance bouncing back thanks to increased efficiency, T&N increased pre-tax profits by 56 per cent from £40.4m to £63m in the year to end-December.

Trading profit gains of nearly two thirds in the UK and 30 per cent in the US lay behind the improvement. Turnover in the motor components and engineering group rose slightly to £1.39bn (£1.36bn).

T&N held an uncovered dividend for the second year running. A final of 7.25p kept the total at 10.85p compared with earnings per share of 6p (2.75p). The retained loss after the £47.5m dividend bill was £21.3m (£36.3m).

Mr Colin Hope, chairman and chief executive, confirmed the likelihood of nearly £40m being raised in a share placing this spring. This would pay the first DM90m (£38m) instalment on the DM250m acquisition of Goetze, a German components maker.

As Goetze, which is trading at about break-even on £300m-plus sales, will bring in nearly £50m debt, T&N's gearing is set to rise from 45 per cent to about 60 per cent this year.

Mr Hope said that with the German market "facing a dramatic downturn for two years or so", the outlook was darker than when the decision was taken to buy Goetze. However, "our ability to put the company right increases as the market gets worse," he said, referring to the humbling effect on the German workforce.

T&N is already losing money in Germany, although £2m of the £2.8m deficit last year was related to redundancies and other rationalisation costs.

Losses of £1.5m were also made in Italy. Suppliers were caught between government-induced wage rises and a squeeze on prices by Fiat. Overall continental trading profit slipped to £8.9m (£9.2m), made mainly in France.

The UK provided a contrast, with trading profit up from £27m to £43.9m on flat turnover of £531m (£534m), of which nearly half was exported.

In North America, where T&N acquired JPI in 1990, trading profit advanced from £15.7m to £20.4m on sales of £333m (£318m).

That region's profitability still fell short of the £21.5m (£20.7m) achieved in Zimbabwe. South Africa also improved, from £7.4m to £9.6m.

● COMMENT

The step towards better margins was a welcome one as T&N continues to spend on many fronts: acquisitions, plant, R&D and dividends, with the last still attracting the most criticism. It would do remarkably well to reach its target of 10 per cent return on sales by 1994 with Goetze bringing little short-term profit. Counting in the whole purchase price sends gearing to more than 70 per cent. Even if T&N succeeds in selling off Goetze's flats and forests, a rights issue looks on the cards for 1994. After all, Mr Hope can still see gaps in the global empire, and last year's deterioration in net debt of £36m (or £70m after the adverse currency swing) was a bit disappointing. This year's pluses should include further US and UK recovery and rationalisation benefits to offset the continental downturn. A pre-tax profit forecast of about £75m, earnings of 9p, gives a prospective p/e of 21 reflecting recovery hopes. The attractive yield of 7.7 per cent may be tempered later in the year if doubts grow about its maintenance.

IN BRIEF

ALLIED-LYONS has acquired, through Hiram Walker, its spirits and wine sector, a 20 per cent interest in Compania Anonima Ron Santa Teresa in Venezuela and a 20 per cent interest in Distribuidora Errazuriz in Chile. Considerations are not material in relation to Allied' net assets.

LOCKER (THOMAS): Talks regarding the disposal of the South African subsidiary have broken down.

REUTERS has acquired 51 per cent of German software house Euro-FIS from Inasys, a Bonn-based company specialising in portfolio management and security research applications. Consideration was not material to net assets of Reuters.

ROSS GROUP has acquired Ambitron Technologies from the receiver for an undisclosed sum.

VOLEX GROUP: the recent rights has been taken up in respect of 4.93m shares. This represents 93.6 per cent of the issue.

Sorry example in the far-flung banking empire

Bombay scandal raises questions about control

A LITTLE piece of British understatement appeared yesterday in Standard Chartered's review of what has forced it to set aside £272m against its involvement in the Bombay securities market scandal. It referred to "the challenging environment" in which it was trying to retrieve its exposure of £343m.

This environment is the atmosphere of hostility among Indian politicians to overseas banks such as Standard Chartered. The bank's earlier belief that its cause would be aided by Indian politicians and bank regulators was severely dented in the second half of 1992.

Incidents such as the resignation in November of Mr G Ramaswamy, the attorney general, calls by politicians for the operations of foreign banks to be curtailed, and this week's highly critical report from the Reserve Bank of India, the country's central bank, have all taken their toll.

Although the bank's exposure is only calculated to have risen by £51m because of exchange rate movement, it boosted general provisions by £160m in the second half. Thus the bank has in effect admitted that its earlier bet that it would receive sympathy and help from authorities is now off.

It should arguably have come as little surprise, given the scale of the uproar when the scandal broke nearly a year ago. Alongside the other longest-established foreign bank in the country – the ANZ-owned Grindlays – Standard was a natural target for street demonstrators.

Political pressure in India has not abated. The Reserve Bank of India has itself been under attack for inadequate regulation of the securities market. Its own investigations have thrown the responsibility onto foreign banks, and away from the Indian state-owned banks caught in the affair.

Standard was not one of the most aggressive foreign banks in the market for bankers' receipts, though its losses are the biggest. The market, driven mainly by Citibank, grew at a feverish pace alongside Bombay's booming stock market during 1991. But Standard's large network and early identification with the scandal have made it a ready target.

The bank emphasised yesterday that it had not written the money off, but had just recognised that recovery was uncertain and could take time. "The fact that we are providing does not mean that we have given up. We are quite tenacious in pursuing money due to us," said Mr Malcolm Williamson, chief executive.

Standard Chartered's operations in India are conducted in an atmosphere of hostility among Indian politicians and there are calls for foreign banks' operations to be curtailed. John Gapper and Richard Waters report

But Bombay raises a wider question about controls at Standard, which Mr Williamson describes as "pear-shaped" because of the weight of its assets in the Asia Pacific. The incident has proved such a shock that it has been reviewing its central control over other operations since then.

The bank has used auditors to check controls in markets in which there has been recent deregulation. Among the operations it has scanned for possible weakness have been Shenzen, the free market trading zone in southern China, and its Treasury operations in countries such as Indonesia.

In practice, the only part of its operation it identified as operating laxly was its credit card business in Malaysia where staff had been not been setting accounts limits for well-regarded locals. It has changed this practice, although it calculates its total exposure at only £5m.

"We have made sure there are no latent Indias," said Mr Williamson. Yet some doubts remain, given the bank's history. Until the arrival of Mr Rodney Galpin, the chairman who retires in May, operations in different countries had been largely free of central or regional controls.

Apart from the review of operational controls, it has also established central limits on lending in particular sectors within which businesses have to operate. Yet it still relies on local management knowledge to assess risks that can vary widely according to the country and region.

The biggest risk question hangs over operations in the Asia Pacific and Hong Kong, which produced £315m in operating profits last year, plus a further £67m through release of bad debt provisions. The total assets in the region grew to £14bn from £11.3bn through exchange movements and expansion.

Mr Williamson emphasised that the bank has be re-balancing its portfolio there to reduce risk from long-term lending. The longest-term form of lending is its mortgage book in Hong Kong, which it believes is well-covered because it has lent only up to 60 per cent of current property values.

Barring further surprises like Bombay, Standard's profits look set for steady increases as Asia Pacific operations grow and a restoration of UK profits reduces tax charges. But India remains a sorry example of how badly things can go wrong in the far-flung banking empire that Standard remains.

Amstrad claims lead in new product sector

By Alan Cane

AMSTRAD, the UK-based consumer electronics company, is hoping to lead the world with a new kind of computer – a personal digital assistant – to be launched in London next Thursday.

However, the launch is likely to spark complaints that Mr Alan Sugar, Amstrad chairman, misled shareholders during his unsuccessful battle last year to take the company private in claiming that no "blockbuster" products were in store which could revive the company's waning fortunes.

Amstrad is claiming that the new product will be the world's first in a product sector which some analysts claim could be worth as much as $20bn (£14bn) a year in sales by 2000.

Personal digital assistants, hand-held devices which will accept handwritten messages and which may include telephone and fax capabilities, are being touted as the answer to stagnant growth in the consumer electronics market. IBM, Apple, AT&T, Matsushita and Olivetti are among the world's leading companies with plans to launch the product.

Amstrad said yesterday that the devices could not be considered a blockbuster in the same way that its personal computers and word processors had been when they won huge sales by selling for less than £400 when equivalent products from traditional manufacturers were priced at £2,000.

Publicity material from Amstrad says, however, that next week's launch will be "the first time a revolutionary product incorporating state of the art technology will be sold at a mass market price from launch".

Mr Sugar failed in December to persuade shareholders to sell him back the company at 30p a share. Amstrad surprised the City by turning in a profit of £5.61m in the first half of the year, but Mr Sugar warned there was no guarantee the company would be profitable in the full year. Close colleagues yesterday defended Mr Sugar, pointing out it would be impossible for him to market a new product aggressively without it being labelled a potential blockbuster.

The need to take a firmer grip on financial controls

Gary Mead looks at the difficult task facing the incoming chief executive of Saatchi & Saatchi

FROM NEXT month Saatchi & Saatchi will have a new chief executive.

He will be Mr Charles Scott, who faces the difficult task of making sure that the world's second largest advertising group does not stray from the tighter financial grip introduced by his predecessor, Mr Robert Louis-Dreyfus.

Mr Scott will have to tighten that grip further before the group is fully out of the woods.

On Monday Saatchi wrote off £600m of goodwill associated with highly-expensive acquisitions made by the group in the 1980s. That attention-grabbing figure should not distract shareholders' attention, though, from the underlying potential of the group.

Much of the written-off goodwill is from the Ted Bates agency which Saatchi bought for £450m in 1986. As with WPP, such acquisitions were financed through debt in the belief that the 1980s boom in advertising spend would continue forever. That boom did not last, however.

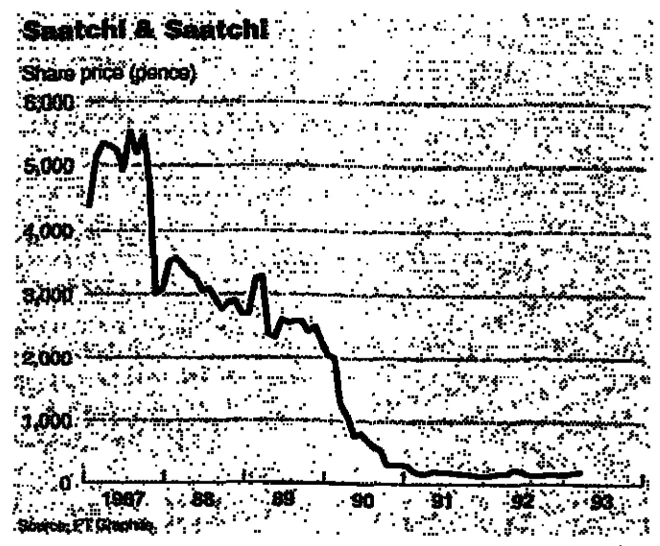
Mr Louis-Dreyfus, who is moving on to try to turn around the Adidas sports show company, was pulled in to rescue Saatchi from looming financial disaster in January 1990. He inherited 18,000 staff and the threat of having to redeem £211m of Euro-preference shares in 1993. He will leave behind him a successful recapitalisation in March 1991, which gained £60m in new equity, and staff levels brought down to 12,000.

But problems remain and some analysts feel that Mr Louis-Dreyfus is departing with the task only half completed. There are some problems remaining from the excesses of the 1980s – not least the estimated £20m annual cost of the holding company, which has scarcely been trimmed at all since Mr Louis-Dreyfus first arrived.

The first main problem concerns the group's debt. Average net debt at the end of 1992 was £194m, down from £225m a year ago but which will rise slightly this year – the last year of heavy earn-out payments, amounting to some £18m. 1994 will see the last earn-outs, at £1m. Losses on surplus office space will amount to £15m this year, falling to an expected £14m in 1994, £12m in 1995 and £9m in 1996.

Mr Scott has said that debt reduction will be a priority; the first repayment of £20m falls due in December this year. But Saatchi's ability to repay debt is largely dependent on substantial revenue growth; given

Charles Scott: debt reduction will be the priority facing the incoming chief executive



indications that the US is pulling out of its recession and that almost half of the group's revenues derive from the US, there are well-founded hopes that the group will benefit late this year from a general upturn in global advertising expenditure.

However, while analysts forecast pre-tax profits growing from 1992's underlying figure of £18.9m to £23m this year and £45m in 1994, the recovery needs to be strong in order for Saatchi to be able to reassure its bankers that it will not breach its covenants, which Mr Scott says has not happened so far.

The second concerns salaries, which account for some 60 per cent of fixed costs – an annual bill slightly less than £300m. A year ago Saatchi had 300 executives earning a minimum basic salary of £150,000; today there are 250. They will gradually be introduced to a system of variable remunerations, dependent on performance.

That will be a painful experience and already some senior Saatchi employees are murmuring rebellion against Mr Scott. As Mr Louis-Dreyfus will continue as a non-executive director, Mr Scott will have some supporting muscle.

But perhaps Mr Scott's most difficult task is more intangible. He needs to inculcate his senior staff with his own emphasis on the lasting importance of sound financial controls, even if that means losing clients who are not prepared to pay at levels profitable for the group.

In another effort to tighten financial controls, Mr Scott has said that Saatchi will no longer take on loss leaders. He was asked at the group's results presentation on Monday whether that meant Saatchi would in future decline handling the Conservative party's advertising account which is thought to be something of a loss-leader. He replied: "We will not take on new clients if we do not see that we will make money from them."

If Mr Scott intends taking a firmer line with his own group, he also seems willing to take on those of its clients deemed unprofitable. He has signalled that if Saatchi thinks it is "over-servicing" clients, or if clients are unwilling to pay sufficient to ensure group profitability, then the group will either seek to renegotiate fees or, failing success with that, break the relationship.

If he is true to his declarations so far, shareholders may raise their hopes, though as one analyst put it, "this is not a stock for grannies and widows." Certainly analysts are feeling more confident about Saatchi's future than for several years. They expect small dividend payments to restart in 1995 or 1996, by which time the group is expected to be making annual pre-tax profits of about £65m.

Cluff lapses into losses

CLUFF RESOURCES, the minerals, oil and gas exploration company, swung from profits of £2.25m to losses of £225,000 pre-tax for the year to end-December after taking account of an exceptional charge of £1.64m.

Losses per share emerged at 2.38p (earnings 1.37p) and the dividend is passed in order to conserve cash – 1p was paid previously.

The exceptional charge comprised a complete write-down of the gold mining assets in Spain.

Other factors affecting the result included a lower sterling gold price and a substantial rise in interest rates in Zimbabwe.

The shares dipped 1p to 11½p.

The company has changed its accounting policy with regard to oil and gas exploration expenditure. The 1991 comparative figures have been restated accordingly.

NEWS DIGEST

Interest boost for Rosebys

ROSEBYS, the specialist retailer of household textiles which came to the market 12 months ago, achieved an increase in pre-tax profits from £2.17m to £2.34m for 1992.

Turnover rose to £45m (£42.8m). The pre-tax figure was helped by a swing from interest payable of £303,000 to interest income of £17,000.

Earnings slipped to 7.9p (8.9p) reflecting the increased capital resulting from the flotation. A final dividend of 3p makes a total of 3.9p.

However, directors said margins in the spinning division were still under pressure and "likely to remain so". The fabric side reported improved sales and profits.

Earnings per share edged ahead to 3p (2.8p); the interim dividend is held at 1p.

Kleinwort Smaller assets edge ahead

Net asset value of Kleinwort Smaller Companies Investment Trust edged ahead from 113.7p to 114.6p per share over the 12 months to January 31.

Attributable revenue amounted to £544,479, down from £669,847 last time and equivalent to earnings of 4.12p (5.07p) per share.

A recommended final dividend of 2p reduces the total for the year to 4p (4.6p).

Everest Foods falls to £1.18m

Everest Foods, the food group, returned profits of £1.18m pre-tax for the half year ended November 30, a 34 per cent fall on last time's £1.78m.

The directors said the disruption caused by the continuation of the capital expenditure programme to secure substantial growth for the future had "impacted on the results."

Turnover slipped to £16.2m (£17.9m). Nevertheless, the interim dividend is lifted to 1.2p (1.1p), payable from earnings of 3.15p (5.85p) per share.

Peek expands in US with $4m purchase

Peek, the traffic and field data systems concern, has reached agreement to acquire Signal Control and Signal Maintenance for $4.2m (£2.9m) which includes $2.08m cash. Combined sales for 1992 amounted to $24m.

The purchase is from IASCO of California.

John Haggas shows 8% rise to £981,000

John Haggas, the West Yorkshire-based worsted spinner, lifted pre-tax profits by 8 per cent in the six months to December 31.

The increase to £981,000 (£911,000) was achieved on turnover up from £16.4m to £17.6m.

Grahams Rintoul revenue static

Net asset value per share of Grahams Rintoul Investment Trust fell from 123.8p to 113.9p over the year to end-December after deducting prior charges at par.

However, in the first two months of 1993 the value improved by 25 per cent to 142.6p.

Available revenue for 1992 edged ahead to £864,000 (£856,000). After preference dividend payments losses per ordinary share emerged at 2.2p (1.53p). Dividend is a same-again 0.25p.

W H Smith pulls out of books venture

WH Smith has sold its 50 per cent holding in Book Connections to Book Production Consultants of Cambridge, its partner in the joint venture.

Book Connections began trading in 1989 and in 1992 made a pre-tax profit of £142,600.

Property disposals aid Union Square

The disposal of certain low yielding properties and the decline in interest rates helped Union Square further reduce pre-tax losses in the six months to September 30.

On turnover of £940,000 (£19.2m), the pre-tax deficit of £9,000 compared with £686,000 in the previous first half and £483,000 in the year to end-March 1992.

The company also announced that discussions with its bankers had been concluded. As a result, Thompson Investments (London) had acquired the outstanding loans and was prepared to extend the facilities on these loans for at least another year.

Hewitt in Dutch joint venture

Hewitt Group, the industrial ceramics and refractory group, has entered into a joint venture with the technical ceramics division of NV Koninklijke Sphinx, the Dutch-based sanitaryware and ceramic tile group.

Hewitt will acquire 50 per cent of BV Keramische Industrie, the company in which the business of Sphinx's technical ceramics division is carried out, for Fl 5m cash, on the basis of warranted net assets of Fl 10m (£3.8m).

COMMODITIES AND AGRICULTURE

Retreating gold price approaches crunch point

By David Blackwell

THE GOLD price continued to retreat on the London bullion market, reaching fresh seven-year lows of $326.50 a troy ounce and $326.10 at yesterday's morning and afternoon fixings.

The London close of $326.05 an ounce marked a fall of $3.90 so far this week. On the New York Commodity Exchange the active April contract had recovered from a low of $325.80 to move back above $326 a troy ounce in late trading.

Analysts believe that the US commodity funds will sell heavily if the price retreats below $325 a troy ounce, taking the market rapidly down to $320 and possibly lower.

There appears, however, to be strong support at $325 an ounce. If the market manages to sustain prices above $326 for the rest of the week, it could move back up into its recent trading range of $327 to $332 a troy ounce.

If the powerful funds were to push the market lower, producers might start panic hedging at around $320 a troy ounce in order to stave off losses, one analyst suggested yesterday.

Market players are also watching events in Russia. If President Boris Yeltsin is undermined by his clash with the Russian parliament, so-called "safe haven" money is expected to go into the US dollar – and the stronger the dollar, the worse for gold. This week's fall has itself been sparked by the weakness of the South African rand against the dollar, which has enabled producers there to sell forward at a profit.

EC urged to delay cut in milk quotas

By Lionel Barber in Strasbourg

THE EUROPEAN Commission has recommended delaying the introduction of a 1 per cent reduction in milk quotas because of falling butter consumption inside the European Community.

The success of butter substitutes in grabbing market share has persuaded the commission to support instead a 5 per cent cut in the intervention price for butter from July 1, 1993, Mr Rene Steichen, EC farm commissioner said yesterday.

The 1 per cent quota cut was agreed in principle last year as part of a wide-ranging reform of the common agriculture policy which attempted to reduce production.

The idea was to cut milk quotas by 2 per cent over two years starting April 1, 1993. Now the commission will review the position next year, with the possibility of a 2 per cent cut to compensate for this year's delay.

Separately, the commission has recommended granting Spain a provisional increase of 500,000 tonnes in its present milk quota of 4.55m tonnes, starting April 1, 1993. But Greece and Italy will have to wait because the commission is not satisfied with progress toward setting up a national agency to ensure the quotas are respected by local producers.

Italy's excess milk production amounts to 2.47m tonnes, while its proposed increase in the wholesale quota is 0.9m tonnes, the commission said. Greece is due to benefit from a quota increase of 100,000 tonnes.

Greece and Italy have until May 15 to show they can meet the conditions set out in CAP reform. By the end of July, both Mediterranean countries may be allowed to increase guaranteed quantities of delivery for the 1993-4 marketing year, subject to review by the commission and approval by the council of ministers.

Mr Steichen said the commission and council must be 100 per cent convinced that the milk quota regime would be respected by all 12 member states.

"This is all the more important when the EC's agricultural policy is moving further in the direction of production control," he said.

● The Commission has approved the provision of DM4.45bn (£1.85bn) national aid to German farmers to compensate for the revaluation of the D-Mark in the 1980s. The Bonn government's aid scheme will continue until the end of 1995, with payments ranging between DM1.00 and DM16,000 per farm.

The commission said the aid was temporary, and was necessary to avoid serious harm to farmers' incomes in Germany.

Kalgoorlie celebrates the centenary of Hannan's find

Kenneth Gooding on the chequered history and independent spirit of Australia's wildest mining town

THE INDEPENDENCE of spirit that made Kalgoorlie in Western Australia one of the world's most famous mining towns remains as fervent as ever.

Tired of the long wait for the state government to build a bypass to take the heavy construction equipment used in the gold fields around the town instead of through it, a group of townspeople last year built one themselves – state bureaucrats are still scratching their heads and wondering if they can declare the new road illegal.

Kalgoorlie today is in celebratory mood. One hundred years ago an Irishman called Paddy Hannan found a gold nugget in the desert and started the Western Australian gold rush, which brought gold hunters flocking to the town. Although Mr Hannan's luck rapidly ran out and he died in 1929 in relative poverty, he is still fondly remembered in Kalgoorlie where the main street is named after him and a bronze life-sized statue reminds visitors of the part he played in developing Australia's gold industry, now the third largest in the world.

The town's streets remain as extraordinarily wide today as at Hannan's time, designed that way so that the camel trains that brought supplies to the town could turn easily. When trucks replaced the camels the animals were set free in the desert and quickly adapted to their new environment.

"Kalgoorlie is where you really feel isolated from the rest of Australia," says Mr Ross Kennedy, managing director of Resolute Resources, a small gold mining company. "It is a place where you can drink for 24 hours a day, gamble for 24 hours a day, screw for 24 hours a day or go to church for 24 hours a day. That's democracy. It also makes the town virtually crime free."

Paddy Hannan's find in 1893 attracted people from all over the world to this remote territory, helping to bring economic development to Western Australia, which still has fewer than 2m people in an area five times the size of France.

The town's massive cemetery is a stark reminder of the hard times faced by the earliest inhabitants or "diggers". Water was scarce (and still is), sanitation was absent and disease rife. In this area there are no beaches and no mountains – just red dirt, heat, flies, gold and nickel.

The town is also a notorious example of what damage unthinking miners can do to the environment. Before Kalgoorlie started to clean itself up six years ago and move its smelters out of town, the countryside looked, according to one executive, "like Hiroshima after the bomb". Miners had denuded the land of trees for miles around and a smelter next to the mine on the town's edge belched out all sorts of nasty substances into the lungs of miners' families, including high concentrations of sulphur dioxide. Not only has the smelter been moved but a five-year project was started in 1989 to re-treat the old waste dumps on the town's doorstep to get out the remaining gold and move them further away.

"Sure you could smell the sulphur dioxide in the air as you approached Kalgoorlie," one mining engineer recalls. "But the town had all the sporting facilities you could want and 29 pubs – what more could you ask for."

Paddy Hannan: In 1893 He was the first man to dicover Kalgoorlie's gold, but he died in 1929 in relative poverty

Kalgoorlie dealt more successfully with other mining town problems. Although prostitution is illegal in Western Australia Kalgoorlie's Hay Street is renowned for its well-managed brothels or "traps". One madame sponsored the local football team and one of the players recalls that "there was never any recruiting problems because there were special prizes for successful players at the end of the season".

Hannan Street leads to the waste dumps and beyond them the Golden Mile, an area of one square mile, the heart of a mining camp that so far has produced more than 1,300 tonnes of gold or 42m troy ounces, worth about A$20bn (£9.7bn) at today's prices.

Like most mining towns, Kalgoorlie has had its downs as well as its ups. For 80 years the Golden Mile housed a huge number of underground mines, often going deep underground and where labour-intensive methods were needed to extract the gold.

Production peaked at 1.2m ounces in 1903, a year when Kalgoorlie had a population of 30,000 supporting 93 hotels and eight breweries. The high cost of getting out the gold gradually caught up with the deep mines and activity in Kalgoorlie slumped until nickel was discovered nearby.

"We felt we were at the centre of the world during the nickel boom. In 1969 brokers from London poured off every plane that arrived," says Mr Ron Manners, whose grandfather started a mining equipment supply company in the town and whose children remain in control. He is executive chairman of a small gold company, Croesus Mining.

Australia's share of western world nickel supplies went from zero to 15 per cent in only three years. The number of employees in Mr Manners business increased from four to 48. Then the nickel price collapsed and he layed off all but three, closed his offices in town and worked from his home because, not only had the nickel boom ended as rapidly as it had begun, but Kalgoorlie's gold operations were at a low ebb. The last operating mine on the Golden Mile, Mt Charlotte, was about to shut down in 1975 when rescue came.

The gold price, previously held at fixed levels by western governments, was freed. "If Mt Charlotte had closed, miners would have left Kalgoorlie in droves. It would have become a ghost town. The gold price rise came just in time," says Resolute's Mr Kennedy.

New technology also helped to save the day for Kalgoorlie. This technology, particularly mobile milling plants and carbon-in-pulp recovery of gold transformed the industry by enabling miners to extract the precious metal economically from very low grade ore, even below one gram a tonne, compared with the 40 grams-a-tonne ore from the Golden Mile mines was giving in the early 1900s.

There were also innovative mining finance packages pioneered by Australian bullion banks. These included such things as gold loans at extremely low interest rates to be paid back from future production.

A large number of open pit mines using large treatment plants were started around Kalgoorlie, often on the sites of the old deep-level mines.

In 1984 Mr Alan Bond, the now-tarnished Perth entrepreneur, attempted to take the economies of scale to the limit by combining the many mines on the Golden Mile into one. In January 1989 he finally succeeded and agreed terms to merge his group's interests with those of Homestake, the US-owned company, into Kalgoorlie Consolidated Gold Mines. This brought together six open pits, five underground mines, five mills and 1,500 people; and its operations are being transformed into a "super pit", one of the world's biggest man-made holes, which can be seen clearly from the moon. It will be at least 5 km (3 miles) long, 2 km wide and up to 500m deep.

When Mr Bond's financial problems overwhelmed his group, his share of the super pit operations were sold to Mr Robert Champion de Crespigny's Normandy Poseidon group. Not everyone believes that this has been a change for the best.

Mr Tom Bannerman, a lawyer who set up shop in Kalgoorlie in 1970, says the town then was still one where the local community ran the show. "Today the ethos has changed. The town is full of earth-moving contractors waving their stubbys [beer bottles], the pubs are full of strippers and the town is more aggressive. I don't like it."

However, the Super Pit and exciting recent projects such as the Kanowna Bell mine being developed 20 km outside the town by joint venturers Delta Gold and Peko Gold, ensure Kalgoorlie has at least 20 years of thriving activity ahead of it. And yesterday, Mr Richard Court, who was elected Western Australia's prime minister only four weeks ago, again promised, at the Australian Gold Conference held as part of the centenary celebrations, that his government would encourage private industry to build a 2,000 km gas pipeline from the state's northern oil and gas fields to Kalgoorlie to bring cheaper energy to the gold fields.

"We believe that the high cost of energy is holding back many projects in the area," he said, "and the pipeline would reduce energy costs by up to 50 per cent. That level of reduction will not only encourage more resource development but also investment in value-adding industries."

Government promises action on land title doubts

WESTERN AUSTRALIA'S new coalition government would act quickly to clear-up the issue of security of land title which was becoming a growing problem for the mining industry following a series of federal legal court decisions, including the so-called Mabo high court decision, said Mr Richard Court, the state's prime minister, yesterday, writes Kenneth Gooding in Kalgoorlie.

During an unscheduled visit to the Australian Gold Conference here Mr Court said the Mabo case resulted in the high court identifying for the first time aboriginal native title in Australia.

"The decision has suddenly raised questions of ownership over large stretches of Crown land, particularly in the Northern Territory, South Australia and here in Western Australia. In industries that thrive on certainty, it has created some uncertainties."

Mr Court said it might be claimed that proper compensation had not been paid for land on which title had been given since 1975. "We could end up with decades of legal disputes which would drive investors away."

He had set-up a top-level cabinet sub-committee of ministers directly affected to investigate every aspect of the Mabo case and to liaise with the federal government and other states.

It might be necessary to legislate to protect landowners but this should be done at federal level – "we want one law for all of Australia".

Mr Court suggested that, as a last resort, if the uncertainty continued too long, it might be necessary to resort to a referendum to amend the federal constitution.

Russia inaugurates second joint-venture diamond polishing factory

By Leyla Boulton in Moscow

RUSSIA'S SECOND joint-venture diamond polishing factory was inaugurated yesterday as part of an effort to modernise the country's stone-cutting industry.

The Intertrade joint venture is 60 per cent owned by a Moscow city-owned construction organisation and Russia's Committee for Precious Stones and Metals. The rest is owned by Belgium's Kaszirer Diamonds and Oltuski Spira Diamonds, which have invested some US$6-$7m in the project.

Western diamond experts said that Kaszirer had been suspended from De Beers' Central Selling Organisation last year in connection with its purchases of rough diamonds from the Committee for Precious Metals and Stones. De Beers has a five year agreement with Russia expiring in 1995 under which the Russians can sell only 5 per cent of their rough diamond output on international markets. But they are free to sell diamonds for domestic diamond-cutters.

Mr Anatoly Kondrashev, Intertrade's deputy director, said the factory had started operating in November but that the official opening had been delayed until yesterday so that the joint venture could show off its achievements after a few months work. The Moscow factory, employing 100 people, aimed to process up to 450,000 carats of rough gems a year.

He said the joint venture also wanted further down the line to contract other Russian diamond-cutting factories to cut rough stones for it. "We have more capacity to sell than we have to cut," Mr Kondrashev said. He said the factory was paying dollars for stones provided by the Committee for Precious Metals and Stones. It would sell the polished diamonds it produced in Belgium.

The other diamond-cutting joint venture is an Israeli-Russian venture called Ruisdiamond, which has imported western equipment and is teaching Russian workers to polish the most difficult type of rough stone. But while Intertrade is partly-owned by the Committee of Precious Metals, Ruisdiamond is close to Almazy Rossii-Sakha, the Russian state diamond producing conglomerate. The latter's president, Mr Valery Rudakov, then head of the old Soviet gold and diamonds conglomerate, was involved in concluding the 1990 agreement with De Beers in return for which the Soviet Union got a $1bn dollar loan.

WORLD COMMODITIES PRICES

MARKET REPORT

London **COCOA** prices closed up to £22 a tonne weaker after the nearby May broke through what had proved to be fairly solid support around £695 a tonne in early trading. "I think the chartists will be very excited but there's no fundamental reason behind today's fall," one trader said. "It's just that in the light of last week's downward action and this week's continuation, no one wants to jump in front of the train." But until either there is fresh fundamental news or active industry buying, prices look set to slide further. **ALUMINIUM** dropped to the lowest levels for around four months on the London Metal Exchange, reacting to news that January IPAI producer stocks had risen by 89,000 tonnes, against some expectations of a decline. Three-month metal failed to hold $1,170 a tonne, and ended at $1,169.50, down $12. **COPPER** held in a narrow range, trading below overnight levels throughout, with resistance building above $2,160 a tonne for three-month metal.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$18.52-8.62	-0.13
Brent Blend (dated)	$19.05-9.09	-0.10
Brent Blend (Apr)	$18.98-9.02	-0.12
W.T.I (1 pm est)	$20.46-0.54	-0.21
Oil products		
(NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$197-200	
Gas Oil	$179-180	+1
Heavy Fuel Oil	$77-79	+1.5
Naphtha	$174-175	+1.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$326.05	-0.4
Silver (per troy oz)♣	358.5c	+2
Platinum (per troy oz)	$345.50	+0.75
Palladium (per troy oz)	$103.75	
Copper (US Producer)	99.50c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	Unq	
Tin (New York)	263.0c	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	137.01p	+3.42*
Sheep (live weight)†♠	116.02p	-6.11*
Pigs (live weight)†	90.60p	+0.71*
London daily sugar (raw)	$243.0	-5
London daily sugar (white)	$276.5	-0.5
Tate and Lyle export price	£280.5	-2.5
Barley (English feed)	Unq	
Maize (US No 3 yellow)	£169.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	63.25p	-0.25
Rubber (May)♥	63.75p	-0.25
Rubber (KL RSS No 1 Feb)	220.5m	-1
Coconut oil (Philippines)§	$437.5y	-7.5
Palm Oil (Malaysian)§	$410.0z	+5
Copra (Philippines)§	$277.50	-2.5
Soyabeans (US)	£181.0u	+0.5
Cotton "A" index	61.60c	+0.25
Woollops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Apr/May u-Mar/Apr x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago. provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	220.00	223.00	219.00
Aug	225.00	227.00	224.00
White	Close	Previous	High/Low
May	277.00	274.40	276.00 271.00
Aug	280.00	278.00	279.50 275.00
Oct	258.00	254.50	257.00 252.00

Turnover: Raw 18 (23) lots of 50 tonnes. White 1300 (1805) Paris- White (FFr per tonne): May 1567.68 Aug 1613.35

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Apr	18.91	19.05	19.35 18.90
May	18.90	19.06	19.34 18.90
Jun	18.91	19.10	19.32 18.91
Jul	18.91	19.10	19.29 18.91
Aug	18.93	19.14	19.34 18.93
Sep	18.94	19.18	19.21 18.94
Oct	19.23	19.23	19.29 19.23
Nov	19.23	19.22	19.23 19.23
Dec	19.27		19.27 19.24
IPE Index	19.07	19.20	

Turnover 28982 (28921)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	176.25	175.50	178.00 178.00
Apr	175.75	175.50	177.75 175.50
May	175.00	175.00	177.00 175.00
Jun	175.25	174.75	176.75 175.25
Jul	176.00	178.00	177.75 176.50
Aug	178.00	178.00	179.25 178.50
Sep	180.25	179.50	181.00
Oct	182.75	182.00	183.50 182.50
Nov	184.75	183.75	185.50 184.25

Turnover 21682 (20398) lots of 100 tonnes

WOOL
The Australian Wool Corporation's market indicator, reached a new low for the present selling season yesterday. It fell 11c to 453c a kg and is getting closer to the low point, 428 reached in the week when free market conditions returned after the collapse of the floor price in February, 1991. The latest forecast for wool production this season is slightly higher than the preceding estimate, and production next year is tentatively estimated at only 5% lower. With consumption well down mainly because of Russia's continuing and apparently indefinite absence from the market.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	682	696	690 680
May	687	708	708 685
Jul	700	719	719 698
Sep	713	731	730 711
Dec	733	751	750 731
Mar	752	769	769 754
May	766	783	774 766
Sep	792	812	803
Dec	818	835	833 826

Turnover: 7620 (3577) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 9 700.01 (711.03); 10 day average for Mar 10 727.18 (732.72)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	960	970	985 970
May	930	926	936 924
Jul	900	896	906 897
Sep	902	905	910 902
Nov	913	914	918 913
Jan	920	925	928 920

Turnover 1779 (2140) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 9: Comp. daily 56.26 (56.04) 15 day average 57.36 (57.45)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	39.4	38.3	39.0
May	41.2	41.6	41.0 40.5
Apr	94.5	94.8	94.0

Turnover 92 (91) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	141.50	141.00	141.50
Aug	143.00	142.00	143.00

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/Index point
	Close	Previous	High/Low
Mar	1435	1415	1435 1430
Apr	1435	1420	1435 1414
May	1398	1380	1398 1390
Jul	1225	1212	1225 1220
Oct	1365	1355	1366 1360
BFI	1401	1394	1401

Turnover 226 (202)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	144.00	143.25	144.00
May	145.00	145.10	145.58 144.90
Jun	146.25	146.25	146.50 146.25
Nov	111.00	110.75	111.00
Jan	113.75	113.50	113.75
Mar	116.50	116.10	116.50
Barley	Close	Previous	High/Low
Mar	140.50		140.50

Turnover: Wheat 249 (213), Barley 20 (29). Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
May	116.0	116.3	115.7
Jun	114.0	113.5	113.0

Turnover 42 (50) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 38,752 lots		
Cash	1148.5-49.5	1160.5-61.5		1147-47.5		
3 months	1169-70	1181-82	1175/1166	1168-68.5	1168.5-69	-
Copper, Grade A (£ per tonne)				Total daily turnover 25,044 lots		
Cash	1490.5-91.5	1492-93	1487/1486	1485-86		
3 months	1516-17	1516-17	1518/1511.5	1512-12.5	1516-17	-
Lead (£ per tonne)				Total daily turnover 4,835 lots		
Cash	289-90	287.5-88.5	288.5	288.5-89		
3 months	298.5-99	297-97.5	298.5/297.5	297.5-7.75	298-99	
Nickel ($ per tonne)				Total daily turnover 5,100 lots		
Cash	5975-85	6020-30		5980-85		
3 months	6040-45	6080-90	6070/6030	6058-60	6040-50	
Tin ($ per tonne)				Total daily turnover 1,488 lots		
Cash	5675-80	5665-75	5692	5691-93		
3 months	5735-37	5730-35	5755/5730	5720-25	5725-30	
Zinc, Special High Grade ($ per tonne)				Total daily turnover 6,207 lots		
Cash	998.5-99.5	1003.5-04.5	1001/1000	999.5-1000		
3 months	1017-18	1022-22.5	1023/1018	1019-20	1018-19	-

LME Closing £/$ rate:
SPOT: 1.4325 3 months: 1.4229 6 months: 1.4173 9 months: 1.4114

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	325.90-326.20	
Opening	326.40-326.80	
Morning fix	326.50	227.685
Afternoon fix	326.10	227.635
Day's high	326.80-326.90	
Day's low	325.70-326.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.66	6 months	2.43
2 months	2.59	12 months	2.43
3 months	2.49		

Silver fix	p/troy oz	US cts equiv
Spot	248.80	357.00
3 months	252.55	359.90
6 months	255.80	362.80
12 months	262.20	369.20

GOLD COINS	$ price	£ equivalent
Krugerrand	328.00-329.00	227.00-229.00
Maple leaf	336.35-338.95	-
New Sovereign	76.50-79.50	53.00-55.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1125	37	65	3	10
1150	19	48	10	17
1175	8	33	23	28
Copper (Grade A)	Calls		Puts	
2100	58	91	10	25
2150	27	61	29	45
2200	10	38	61	71
Coffee	May	Jul	May	Jul
900	35	52	26	53
950	16	34	61	85
1000	14	22	85	123
Cocoa	May	Jul	May	Jul
725	9	30	47	55
750	5	22	68	72
775	2	16	80	91
Brent Crude	Apr	May	Apr	May
1900	20	62	9	39
1950	3	29	29	57
2000		16		80

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	326.3	326.6	326.0	326.0
Apr	326.8	327.2	327.5	325.8
May	327.5	327.8	0	0
Jun	327.9	328.4	328.8	327.1
Aug	329.5	329.8	329.5	328.2
Oct	331.0	331.3	330.8	330.0
Dec	332.5	332.8	333.0	332.0
Feb	334.1	334.4	333.6	333.6

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	345.8	345.1	346.4	344.0
Jul	344.4	343.9	345.5	342.5
Oct	343.2	342.7	344.0	342.8
Jan	341.7	341.2	340.5	340.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	356.1	355.7	358.5	355.0
Apr	357.1	356.7	0	0
May	358.2	357.8	361.0	356.5
Jul	360.8	360.2	363.5	359.5
Sep	363.1	362.7	365.0	362.0
Dec	366.7	366.3	366.5	365.0
Jan	367.1	366.7	0	0
Mar	370.4	370.0	372.5	370.0
May	373.0	372.6	0	0
Jul	376.7	375.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	95.55	94.60	95.65	94.75
Apr	95.70	94.85	95.10	95.60
May	95.20	95.25	96.00	95.00
Jun	96.65	95.60	96.15	95.95
Jul	96.85	95.90	96.65	96.25
Aug	97.05	96.05	97.10	96.70
Sep	97.05	96.40	96.90	96.90
Sep	97.70	96.80	97.75	96.90

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Apr	20.37	20.68	20.68	20.30
May	20.45	20.75	20.64	20.42
Jun	20.50	20.80	20.97	20.45
Jul	20.51	20.81	20.97	20.48
Aug	20.51	20.81	20.94	20.49
Sep	20.52	20.80	20.89	20.50
Oct	20.54	20.79	20.87	20.58
Nov	20.55	20.78	20.85	20.55
Dec	20.51	20.76	20.85	20.51
Jan	20.80	20.73	20.80	20.60

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	57.90	58.25	58.40	57.70
May	56.80	57.45	58.40	56.75
Jun	56.10	56.70	57.40	56.10
Jul	56.20	56.70	57.40	56.20
Aug	57.05	57.28	57.90	57.05
Sep	57.50	58.28	58.50	57.50
Oct	58.80	59.24	59.30	59.00
Nov	60.00	60.07	60.40	60.20
Dec	60.50	60.90	61.65	60.50
Jan	60.85	61.35	61.55	60.85

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	930	880	940	940
May	861	878	886	860
Jul	881	905	894	875
Sep	913	926	917	899
Dec	947	939	951	936
Mar	980	992	985	970
May	1002	1014	998	992
Jul	1023	1035	1015	1015
Sep	1051	1063	1049	1041
Dec	1076	1088	1078	1078

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	60.00	60.50	60.00	60.00
May	62.35	63.75	63.80	61.90
Jul	64.25	65.65	65.65	63.75
Sep	66.00	67.25	67.20	65.70
Dec	68.55	69.70	69.70	68.10
Mar	71.30	72.25	72.20	71.25
May	73.00	74.15	73.75	72.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	10.15	9.88	10.19	9.79
Jul	10.35	10.08	10.35	10.01
Oct	9.61	9.35	9.62	9.30
Mar	9.20	9.02	9.21	8.99
May	9.16	9.03	9.08	9.01
Jul	9.21	9.05	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	64.82	62.88	64.82	62.97
May	65.57	63.88	65.70	64.05
Jul	64.35	63.24	64.40	63.55
Oct	63.23	62.05	63.30	62.00
Dec	63.20	62.40	63.20	62.16
Mar	64.00	62.79	64.00	63.50
May	64.50	63.40	64.50	64.26
Jul	64.65	64.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	74.30	74.85	75.00	73.75
May	76.90	77.20	77.95	76.10
Jul	79.80	80.40	80.75	79.20
Sep	82.00	83.00	83.40	81.60
Nov	84.30	85.00	86.40	84.30
Jan	86.80	88.00	88.00	86.20
Mar	88.00	89.00	0	0
May	89.30	89.00	0	0
Jul	89.30	89.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.10	Mar.9	mnth ago	yr ago
1780.3	1783.2	1743.1	1616.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.9	Mar.8	mnth ago	yr ago
Spot	123.92	123.54	123.72	118.81
Futures	126.96	128.15	126.64	122.60

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	580/6	574/0	581/4	573/6
May	583/2	577/2	584/0	577/0
Jul	588/2	582/4	589/0	581/4
Aug	590/2	585/0	590/4	584/4
Sep	591/4	585/4	592/2	586/6
Nov	597/4	591/6	597/6	592/0
Jan	604/2	599/0	604/4	599/6
Mar	611/4	606/4	611/4	607/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	20.98	20.94	21.14	20.89
May	21.17	21.16	21.39	21.12
Jul	21.33	21.36	21.60	21.30
Aug	21.36	21.41	21.66	21.35
Sep	21.42	21.45	21.67	21.42
Oct	21.50	21.47	21.65	21.48
Dec	21.65	21.62	21.85	21.60

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	177.8	176.5	178.1	176.5
May	179.7	178.1	180.1	178.3
Jul	181.8	180.3	182.3	180.4
Aug	183.0	181.6	183.4	181.8
Sep	184.3	182.8	184.7	183.3
Oct	185.6	184.2	185.8	184.5
Dec	188.5	187.2	188.8	187.5
Jan	188.7	188.7	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	215/6	214/0	216/2	214/2
May	222/2	220/6	222/6	220/2
Jul	228/6	227/0	229/2	227/0
Sep	234/2	233/6	234/4	232/6
Dec	241/2	241/2	241/4	240/6
Mar	248/0	248/0	248/0	247/6
May	252/0	252/0	252/4	251/0
Jul	254/2	254/4	254/4	249/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	365/0	367/0	367/0	364/0
May	327/0	331/4	332/0	326/2
Jul	307/0	309/6	310/0	306/0
Sep	310/6	313/2	313/0	310/4
Dec	319/4	321/4	321/6	319/0
Mar	324/0	325/0	324/0	324/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	82.300	81.700	82.350	81.675
Jun	76.150	75.900	76.350	75.800
Aug	72.125	71.875	72.150	71.800
Oct	72.675	72.825	72.150	72.775
Dec	73.650	73.625	73.150	73.475
Feb	73.825	72.900	73.200	72.825
Apr	74.050	74.200	74.175	74.000

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	48.250	48.375	48.600	47.900
Jun	53.725	53.850	54.100	53.400
Jul	51.550	51.650	51.900	51.250
Aug	48.675	48.700	49.000	48.250
Oct	43.700	43.700	43.750	43.100
Dec	44.650	44.700	44.850	44.300
Feb	44.750	45.000	44.750	44.600

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	47.775	49.175	50.350	47.175
May	48.400	50.225	51.500	48.225
Jul	48.775	50.450	51.700	48.450
Aug	47.050	49.200	50.050	47.050
Feb	50.650	52.650	53.000	50.850
Mar	50.350	52.350	51.650	50.250

Steady close after an erratic session

By Terry Byland, UK Stock Market Editor

CITY analysts took a generally favourable view of trading figures announced yesterday by several leading British companies, and the stock market closed firmly after a session overshadowed by caution ahead of next week's UK Budget. The final hour of business saw shares moving ahead in spite of a dull start in New York, where the Dow Industrial Average was 12 points off in London trading hours. A new cut in repurchase rates by the Bundesbank encouraged UK investors.

The FT-SE 100 Index traced an erratic pattern, with a fall of 5.5 points transformed into a net gain of nearly 12 by mid-morning. With most of the day's list of company results then in the market, share prices moved around overnight levels, losing heart for a while before turning upwards again at the close.

The final reading showed the FT-SE 100 at 2,956.7 for a rise of 6.8. Chart specialists were happy to see the 2,850 line held but sounded a little less confident that the 3,000 mark can be attained before the UK chancellor delivers his Budget on Tuesday.

Trading volumes remained high, although the day's Seaq-reported total of 686.2m shares contrasted with 783.1m on Tuesday, when retail business was worth £1.53bn. Non-Footsie business returned to more average levels yesterday, at around 63 per cent of overall trading. However, the FT-SE Mid 250 Index slipped by 1.4 to 3,117.8.

The search for further signs of economic recovery found some encouragement from company reports. Both BAT Industries and Cadbury-Schweppes did well after profits announcements. The stock market is now scanning company statements eagerly and, although prepared to be told that profits were hard to make last year, responds readily to indications that the clouds are lifting.

Vickers, the defence and luxury car manufacturer, gained ground following results and news of a £60.5m rights issue.

The much-heralded flow of rights issues has, so far, proved less threatening for share prices than was feared only two weeks ago.

Reductions in some interest rates in Belgium and the Netherlands also encouraged investors, but suggestions that the Bundesbank might make a further move downwards found little credence among London strategists.

Both marketmaking firms and fund managers have begun to consolidate trading positions ahead of the UK Budget. Analysts are in general agreement that the chancellor will disclose some fiscal tightening measures.

Some believe that the apparent fragility of the economic recovery will keep such tightening to a minimum, and are of the view that harder measures may be held back until December. However, the market is counting on a further cut in base rates, if not on Budget Day, then very soon afterwards. Another firm performance by sterling yesterday buttressed confidence in the City's expectations of a Budget rate cut.

● **The London Stock Exchange announced yesterday that, following the quarterly review of components of the FT-SE 100-share Index, Asda will join the index and W.H. Smith will be removed. Further details of changes in market indices are shown on Page 26.**

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ASDA Group	34,000	72	+2½	Courtaulds	541	502	-3	Lonrho	1,100	82	-1	Shell Transport	5,300	580	+1
Abbey National	4,000	380	+2	Dalgety	1,500	486	+8	Lucas	5,800	142	+3	Siebe	1,200	498	+1
Albert Fisher	703	74	+1	De La Rue	80	678	-2	MB Caradon	412	332	-3	Slough Ests	428	191	-1
Allied-Lyons	2,600	580	-7	Dixons	1,600	231	+4	MEPC	1,000	379	+1	Smith (W.H.) A	973	430	+6
Amstrad	8,800	31¼	+4	Eastern Elect.	986	479	+2	Manweb	312	534	-1	Smith & Nephew	2,600	153¼	-2½
Anglian Water	349	528	+3	East Midland Elect.	1,300	461	+1	Marks & Spencer	6,000	352	+2	SmKl Beecham	1,300	474	+6
Argos	818	293		Eng China Clays	1,000	453	-18	Midlands Elect.	419	608	+7	SmKl Beecham Uts.	971	415	+7
Argyll Group	2,600	387	+2½	Enterprise Oil	862	507		Morrison (Wm.)	626	198		Smiths Inds.	53	360	-1
Arjo Wiggins	4,700	180	-7	Eurotunnel Units	383	484	+7	NFC	1,000	280	-7	Southern Elect.	137	488	+4
Ass. Brit. Foods	237	500	-1	FKI	1,600	125		NatWest Bank	3,100	444	-3	South Wales Elect.	157	553	+5
Ass. Brit. Ports	289	401	+1	Fisons	1,800	204	-4½	National Power	1,900	333	+3½	South West Water	77	546	+2
BAA	2,300	793	+13	Foreign & Col. I.T.	1,500	229	+1	Next	2,200	188½		South West. Elect.	133	503	+8
BAT Inds.	8,200	955	+18	Forte	2,200	207	+1	North West Water	884	511	-1	Southern Water	151	519	+1
BET	923	94		Gen. Accident	1,300	595	+1	Northern Elect.	385	594	+5	Standard Chartd.	12,000	718	+25
BICC	865	371	-4	General Elect.	4,000	360	-4½	Northern Foods	789	284	+3	Storehouse	2,800	186	
BOC	920	783	+2	Glaxo	6,800	687	+21	Norweb	95	527	+5	Sun Alliance	5,800	346	+4
BP	7,900	268	+½	Glynwed Int.	273	282		Pearson	1,200	394	-5	T&N	8,700	187	+2
BPB Inds	919	210	-5	Granada	490	380	+1	P & O	3,300	593	+1	TI Group	3,300	310	+1
BT	9,300	437	+4	Grand Met.	4,300	471	+5	Pilkington	11,000	103	-7½	TSB	4,200	177½	-½
BTR	4,400	587	-4	GUS A	266	1883		PowerGen	813	335	+4	Tarmac	711	108	-1
Bank of Scotland	434	134		GRE	3,900	182	+1	Prudential	1,300	340	+3	Tate & Lyle	1,500	437	+4
Barclays	5,300	411	-2	GKN	2,100	485		RMC	675	686	-22	Taylor Woodrow	1,100	86	-1
Bass	4,200	583	-10	Guinness	3,800	471	-1	RTZ	2,700	698	-12	Tesco	6,500	290	-3
Berisford Int.	72	132		HSBC (75p shs)	3,700	653	+9	Racal	2,600	198	+4	Thames Water	883	537	+4
Blue Circle	2,800	223	-11	Hammerson 'A'	866	337	+2	Rank Org	985	673	-9	Thorn EMI	749	883	+9
Booker	48	446		Hanson	8,200	254½	-2½	Reckitt & Colman	599	626		Tomkins	3,500	287	+1
Boots	1,400	514	-3	Hanson Warrants	1,400	28¼	-1	Redland	1,300	465	-17	Trafalgar House	1,700	78½	
Bowater	2,100	518	+5	Harrisons Crosfield	2,900	179	-3	Reed Intl	894	648	-6	Unigate	359	387	-4
Brit. Aerospace	2,800	280	+8	Hillsdown	3,800	161	-2	Rentokil	488	236		Unilever	1,300	1246	+2
British Airways	2,500	286½	-½	IMI	1,500	285	-2	Reuters	597	1431	+7	United Biscuits	948	380	+3
British Gas	4,100	309	+3	ICI	1,600	1248	-4	Rolls Royce	4,200	129	-6	Utd. Newspapers	583	543	
British Land	1,800	290	+3	Inchcape	877	622	-3	Rothmans	442	658	+3	Vodafone	3,800	417	-2
British Steel	3,900	87¼	-½	Johnson Matthey	438	448	-13	Ryl Bk Scotland	3,600	269	+3	Warburg (SG)	449	615	-9
Bunzl	188	128	-1	Kingfisher	2,100	547	+2	Royal Insurance	2,300	301	+1	Wellcome	1,000	907	+5
Burmah Castrol	94	728	+2	Kwik Save	344	840	-3	Saatchi	1,200	180	-5	Welsh Water	145	584	+1
Burton	6,000	78	+1	Ladbroke	1,600	208	-2	Sainsbury	958	530	-5	Wessex Water	60	626	+6
Cable & Wire.	1,000	724	-4	Land Securities	1,500	489	+3	Scottish & New.	1,800	462	-3	Whitbread 'A'	4,100	481	-7
Cadbury Schweppes	8,600	508	+14	Laporte	359	684	-1	Scot. Hydro-Elect.	488	261	+3	Williams Hldgs.	877	353	-1
Calor Group	294	250	+1	Legal & General	1,300	485	-3	Scottish Power	3,100	250	+2	Willis Corroon	3,000	190	-2
Carlton Comms.	257	789	-2	Lloyds Abbey	830	449		Sears	1,400	102		Wimpey	619	129	-4
Coats Viyella	1,200	231	+2	Lloyds Bank	1,500	557	+1	Sedgwick	681	171	+3	Wolseley	855	568	-12
Comm. Union	726	626	-3	LASMO	10,000	187	-3	Seeboard	36	515	+4	Yorkshire Elect.	368	684½	+3½
Cookson	266	192		London Elect.	1,200	485	+9	Severn Trent Water	972	504	+3	Yorkshire Water	278	558	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Mar 1	Mar 15	Mar 29
Option Declarations:		
Mar 11	Mar 25	Apr 15
Last Dealings:		
Mar 12	Mar 26	Apr 16
Account Day:		
Mar 22	Apr 5	Apr 26

*New time dealings may take place from 8.30am two business days earlier.

Heavy pressure on Bass

TALK OF further downgrades following presentations by the company sent Bass tumbling and pulled down other brewing and hotel groups in its wake. Analysts said worries over trading at Holiday Inns, particularly in continental Europe, had been raised at the meetings. Domestic brewing margins were also said to be under pressure as Bass responded to an aggressive push for market share by Courage.

Other concerns highlighted by analysts included higher than expected interest charges, and margins on soft drinks following an increase in sugar prices. After James Capel's downgrade on Monday, yesterday saw UBS Phillips & Drew snipping its forecasts and a number of other houses ready to follow suit.

However, while weakness is seen in the short term domestic brewing market, many analysts still regard Bass as a positive long term investment. The shares closed 10 adrift at 583p after turnover of 4.2m.

The bearish news on Bass dragged on other domestic drinks stocks. Whitbread "A" declined 7 to 481p and Scottish & Newcastle 3 to 462p.

Queens Moat Houses, which has franchises for some Holiday Inns, dipped 3 to 47p in heavy volume of 6.6m. The stock was also disturbed by a negative note from NatWest Securities which suggested that the hotel group may be adversely affected by the new accounting procedures.

Standard volatile

A turbulent session in Standard Chartered saw the bank's shares tumble on the revelation of much greater provisions than expected for losses in the Indian stock market. However, the shares staged a remarkable rally which left them at their best level since the market crash of October 1987.

Activity was the second highest since turnover records were first logged, at the time of Big Bang in late 1986. Some 12m shares changed hands yesterday, second only to the 48m traded on June 19, 1989, when Cazenove placed Sir Y.K. Pao's 10 per cent stake.

However, the start of trading saw Standard shares drop to 659p following the figures which included a shocking £272m provision against losses in the Indian stock market, well above most analysts' estimates. But further examination of the results, revealing strong underlying profits, and also the opportunity to grill the directors at the post-figures meeting, brought a reassessment and subsequent flurry of profits upgradings by analysts.

By the close the shares had pushed up to finish a net 25 up at 716p. Mr Derek Chambers at Carr Kitcat & Aitken lifted his current year forecast to £350m and told clients to "buy on weakness". He underlined the good underlying profits performance and the fact that Standard's record indicates that some release of loss provisions is more likely than further increases.

Lehman Brothers moved their current year estimate up to £400m and highlighted the bank's dividend potential.

Rolls-Royce worries

A bout of nervous selling hit *Rolls-Royce*, the aero-engine and industrial power group, on reports that the company will announce job cuts of as many as 5,000, against previous estimates of under 3,000, when it reports figures today.

Analysts were concerned that such a move would result in a higher level of provisions against the 1992 results, suggesting that profits may fall below the £50m predicted by the more pessimistic researchers. The shares responded by falling 6 to 129p in trade of 3.9m, with analysts still expecting the company to announce a cut in the dividend.

A further blow to sentiment came from news that airliner China Southern had placed an engine order with Rolls' rival General Electric for engines to power its new Boeing 777 aircrafts, an order many had expected Rolls to win.

A £26m provision for losses incurred by its Sovereign Marine & General subsidiary and to a lesser extent the halved quarterly dividend, at first triggered a big slide in Willis Corroon shares, although they later rallied to end a busy session only marginally easier. At their worst the shares touched 178p; they closed a net 2 off at 190p, after turnover of 3m.

Mr Nick Bunker, insurance broking analyst at Hoare Govett, said "As a broker, Willis is as well placed as any of its peers, but the Sovereign losses are a potent reminder of the snares that lie in wait for the unwary marine underwriter." Hoare is sticking with its 1993 forecast of £72m.

Barclays Bank eased 2 more to 411p on 5.3m traded and NatWest lost 3 to 444p on 3.1m as institutions continued to switch into the likes of Lloyds, marginally higher at 557p. HSBC jumped 9 to 563p, also helped by switching business.

Sun Alliance was the pick of the composite insurance sector, the shares adding 4 more to 346p on very heavy turnover of 5.8m shares. BZW reduced its estimate of 1992 losses from £155m to £100m with Mr Trevor May, composites analyst at BZW, citing the speed of recovery in UK underwriting, as evidenced by Guardian Royal's good results, for the change in his forecast.

Oil group Lasmo came under pressure, retreating 3 to 187p on exceptionally heavy turnover of 10m, with one securities house said to have unloaded a block of 3m shares at 187p. Lasmo's preliminary figures are due on March 24.

Lasmo shares have fared badly compared with those of Enterprise Oil, its closest rival in the exploration and production sub-sector.

Enterprise, boosted on Tuesday by news of its participation in a substantial oil find in the Norwegian sector of the North Sea, edged up to 508p in spite of news that Norwich Union, one of the UK's biggest institutional holders of oil shares, has reduced its stake in the company over the past year from 7.98 per cent to 6.99 per cent, via the sale of more than 3m shares. Enterprise reports preliminary figures this morning.

Renewed confidence for the current year lifted Vickers, which reported losses worse than market forecasts, and a £60.5m rights issue, also lower than predicted. The shares gained 6 to 124p.

Confirmation of a significant order from Rank Xerox boosted Tadpole Technology and the shares added 9 to 329p.

Suggestions that British Aerospace would soon announce an order for Hawk aircraft saw the shares move 8 ahead to 280p. Another firm expecting a big order was Westland Group, currently visiting Scottish institutions. The shares firmed 4 to 169p.

A sharp rise in profits and an increase in the dividend at BAT Industries cheered the market and the shares moved 18 ahead to 955p.

International conglomerate Hanson gave up 3 to 254p, after SG Warburg was said to have changed its recommendation from a hold to a sell. Turnover was 8.2m.

Results from Medeva were well received, the shares adding 10 to 235p. Nikko Securities is forecasting an upside of 300p on a 6-month view.

Good results from Cadbury-Schweppes sent the shares racing forward, closing 14 ahead at 508p. A series of upgrades by analysts followed, with Nomura lifting its forecast from £370m to £400m, although the house remains cautious over earnings growth and the premium rating.

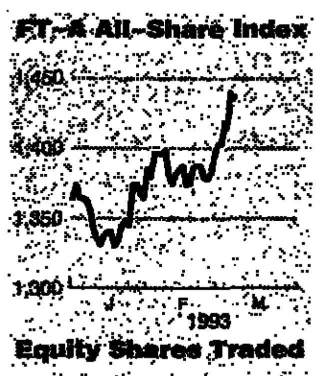
Smith New Court raised its forecast from £375m to £395m and retained its but recommendation, the broker arguing that although the shares may not outperform in the near-term, the stock remained a good longer-term investment.

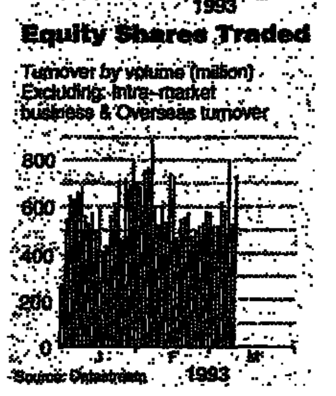
Bannana importer Geest was the subject of some takeover speculation as the shares continued their recent upward surge. US food outfits, Dole Group and Chiquitta were being mentioned. Geest is a beneficiary of an EC bannana agreement which comes into effect in July. The shares jumped 8 to 474p.

Asda anticipated the announcement of its impending inclusion in the FT-SE 100 Index, the shares continuing their good run, closing 2¼ higher at 72p. Turnover was a combined 55m shares.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Steve Thompson.

■ Other market statistics, Page 21





Source: Datastream

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (206).

BRITISH FUNDS (26) OTHER FIXED INTEREST (2) African Dev. 11¼pc '10, Asian Dev. 10¼pc '09, AMERICANS (12) Amer. Express, Amer. T & T, Bankers NY, Chase Manhattan, Citicorp., Cont'l Bank, Eaton, Gillette, Lowe's, Rep NY, Varity, Whirlpool, CANADIANS (4) Can. Pacific, Imperial Oil, Nova Corp. of Alberta, Trans. Can. Pipe, BANKS (8) Allied Irish, Asahi, Bk. Scot. 9¼pc Pf., Deutsche, Fuji, Natl. Aust. Bk., Ryl. Bk. Scot., Standard Chartd., BUSINESS SERVS (3) ISS, Serco, Time Prods., CHEMS (4) BASF, Schering, Wolstenholme Rink, Yorks., CONGLOMERATES (1) AGA, CONTG & CONSTRCN (2) Boot (H), Eve, ELECTRICALS (3) Jones Stroud, Motorola, Sony, ELECTRICITY (9) Eastern, London, Northern, Norweb, Scot. Power, Seeboard, South Western, Southern, Yorks., ELECTRONICS (5) Bowthorpe, Control Techs., Gresham, ISA, Learmonth & Burchett, ENG AERO (1) Westland, ENG GEN (6) Clyde Blowers, Concentric, Dickie, Powerscreen, Transfer Tech., Vosper, FOOD MANUF (5) Avonmore, Barr, Cadbury Schweppes, Everest, Unilever, FOOD RETAILING (4) ASDA, Geest, Iceland, M & W, HEALTH & HSEHOLD (1) Amersham, HOTELS & LEIS (3) Kunick 8¼pc Pf., Stakis, Stanley, INSCE COMPOSITE (1) Amer. Gen., INSCE LIFE (3) Legal & Gen., Lincoln Natl., Utd. Friendly, INV TRUSTS (46) MEDIA (2) Headline, Johnson Press, MERCHANT BANKS (3) Close Bros., Schroders, Do N/V, MTL & MTL FORMING (1) Chamberlin & Hill, MISC (2) Christies Intl., Glenchewton, MOTORS (4) BSG, First Tech., GKN, Henlys, OIL & GAS (4) Command, Occidental, Royal Dutch, Santos, OTHER FINCL (6) Daiwa, Ivory & Sime, Lon. Forfaiting, M & G, Smith New Court, Do Pf., OTHER INDLS (3) BH Prop., BTR Wts., Do Wts. '95-96, Harris (P), McKechnie, PACKG, PAPER & PRINTG (4) API, Jarvis Porter, Macfarlane, Portals, PROP (6) Brit. Land (Jersey) 8⅝pc Cv. '11, Brixton Est., Debenham Tewson, Frogmore Ests., Molyneux, Sateland, STORES (5) Brown (N), Courts, French Connection, GUS, Marks & Spencer, TEXTS (4) Baird, Claremont Grmts., Dewhirst, Leeds, TRANSPORT (5) All Nippon, GATX, LOF's, Mersey Docks, Sea Containers, WATER (4) Cheam, South West, Thames, Wessex, MINES (2) Cape Range, Western.

NEW LOWS (5).

BLDG MATLS (1) Russell (A), ENG GEN (1) Wellman, INV TRUSTS (1) SPLIT Inc., MEDIA (1) Birkdale, MISC (1) Stonehill.

FINANCIAL TIMES EQUITY INDICES

	Mar 10	Mar 9	Mar 8	Mar 5	Mar 4	Year ago	High	Low
Ordinary share	2299.5	2294.0	2293.4	2265.9	2256.3	1968.6	2299.5	1670.0
Ord. div. yield	4.24	4.25	4.26	4.30	4.31	4.56	5.34	4.23
Earning yld % full	5.96	5.94	5.95	5.97	5.98	6.48	-	-
P/E ratio net	20.90	21.04	20.99	20.95	20.92	19.55	22.01	15.79
P/E ratio nil	19.32	19.39	19.34	19.37	19.34	18.55	-	-
Gold Mines	94.4	95.0	94.0	92.6	88.6	128.9	160.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2292.4	2298.3	2302.8	2294.1	2292.4	2292.9	2294.8	2294.5	2297.0	2303.4	2289.3

Volume	Mar 10	Mar 9	Mar 8	Mar 5	Mar 4	Year ago
SEAQ Bargains	40,321	44,492	42,764	38,055	35,907	29,538
Equity Turnover(£m)†	-	1525.4	1231.6	1415.3	1431.5	1085.6
Equity Bargains†	-	50,390	45,952	42,775	40,980	33,357
Shares traded (mil)†	-	734.2	538.8	600.9	592.7	469.1

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

THE DERIVATIVES sector had a volatile session, with traders becoming more cautious ahead of next week's UK Budget, writes Joel Kibazo.

In futures, the March contract on the FT-SE 100 Index opened 5 points below Tuesday's close at 2,954, suggesting a quiet session. However, early buyers of the contract, shortly after the opening, sent March ahead and by 10am it was trading at 2,973.

But there was no follow-through buying after that and the contract drifted down on sporadic selling and programme trading, which saw it fall to 2,954 over the lunchtime period.

With traders cheered by a cut in rates in Belgium, March ignored the early retreat on Wall Street in the afternoon and recovered some of the ground lost earlier in the day.

March closed at 2,958, just below the previous day's finish and slightly ahead of its estimated fair value premium to cash of around minus 2, with turnover uninspiring at 7,978.

In traded options, total volume reached 30,193 contracts, with the FT-SE 100 option trading 9,147 lots. Two-way business in the Euro FT-SE 100 option saw turnover in that stock reach 3,347.

Asda led the way among the stock options, with 2,419 lots dealt and the April 57 calls the busiest. It was followed by Barclays at 1,921 and BP at 1,656. Rolls-Royce, which reports figures today, traded 1,333 contracts.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2956.7 +6.8	3117.8 -1.4	1438.12 +2.54

	Mar 10	Day's change %	Mar 9	Mar 8	Mar 5	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2956.7	+0.2	2949.9	2957.3	2922.1	2522.4	6.14	4.08	20.82	13.45
FT-SE Mid 250	3117.8	—	3119.2	3119.7	3107.9	2505.0	6.61	4.08	19.15	9.00
FT-SE-A 350	1456.7	+0.2	1454.2	1457.1	1442.3	1227.3	6.24	4.08	20.43	6.11
FT-SE SmallCap	1565.07	+0.1	1562.97	1560.93	1554.98	—	5.21	4.08	26.77	5.79
FT-SE SmallCap ex Inv Trusts	1569.01	+0.2	1566.45	1564.72	1559.06	—	5.80	4.32	24.66	5.02
FT-A ALL-SHARE	1438.12	+0.2	1435.58	1438.22	1424.13	1213.87	6.18	4.08	20.73	5.98
1 CAPITAL GOODS(211)	949.44	-0.9	957.60	962.44	957.46	797.20	5.92	4.45	21.98	1.70
2 Building Materials(27)	958.45	-2.7	984.76	991.62	991.84	974.31	5.40	5.51	25.60	0.77
3 Contracting, Construction(29)	813.87	-1.1	823.15	824.99	822.43	891.45	2.95	5.91	80.00†	1.66
4 Electricals(14)	2742.99	-0.7	2763.58	2771.86	2754.08	2506.23	5.32	5.29	24.74	3.25
5 Electronics(35)	2561.81	-0.5	2575.67	2619.10	2617.73	1849.23	6.22	3.34	20.38	15.06
6 Engineering-Aerospace(7)	359.31	-0.7	361.86	365.33	361.94	349.03	9.84	4.98	12.94	1.03
7 Engineering-General(52)	564.01	+0.4	562.00	562.58	559.11	501.95	7.05	4.24	18.15	1.30
8 Metals & Metal Forming(11)	386.84	-0.7	389.74	392.45	390.13	330.98	4.48	3.39	32.42	0.34
9 Motors(18)	407.26	+0.7	404.24	404.01	403.42	323.15	5.18	5.78	27.52	0.00
10 Other Industrials(18)	2094.02	-0.9	2113.45	2113.86	2092.16	1561.31	5.84	4.07	20.68	0.39
21 CONSUMER GROUP(232)	1750.77	+0.4	1744.58	1738.76	1720.00	1659.61	6.71	3.43	18.53	6.37
22 Brewers and Distillers(28)	2001.62	-0.3	2007.87	2003.00	1950.31	2105.42	8.42	3.79	14.49	10.18
25 Food Manufacturing(22)	1471.34	+0.6	1462.30	1459.89	1447.82	1270.93	7.08	3.65	17.64	1.54
26 Food Retailing(18)	3307.20	-0.2	3315.36	3326.60	3279.97	2651.16	7.69	3.17	16.93	2.40
27 Health & Household(29)	3902.63	+1.6	3839.37	3797.35	3797.57	4219.99	5.95	3.06	19.45	21.95
29 Hotels and Leisure(20)	1363.78	-0.1	1365.28	1358.41	1350.38	1326.03	5.88	5.05	22.76	14.48
30 Media(33)	1903.16	-0.4	1909.89	1906.21	1888.23	1547.27	5.44	2.83	22.82	3.38
31 Packaging and Paper(23)	858.22	-0.4	861.80	864.47	860.84	758.06	6.28	3.84	19.66	0.57
34 Stores(39)	1165.58	+0.3	1162.48	1161.36	1145.19	1051.20	6.14	3.12	21.61	2.92
35 Textiles(20)	808.16	+0.3	806.03	800.99	798.37	669.82	6.09	3.94	20.78	0.66
40 OTHER GROUPS(142)	1543.29	+0.3	1537.90	1545.50	1530.81	1223.13	7.92	4.31	15.57	4.84
41 Business Services(27)	1684.80	-0.2	1688.22	1697.14	1685.98	1388.79	5.32	3.07	23.17	0.48
42 Chemicals(23)	1561.12	-0.1	1562.41	1555.72	1554.67	1482.67	5.64	4.68	22.52	0.67
43 Conglomerates(11)	1516.59	-0.8	1528.18	1536.59	1520.12	1352.59	6.87	5.28	16.47	13.31
44 Transport(16)	2971.50	+0.4	2960.09	2947.59	2922.46	2414.72	7.19	4.01	16.81	3.49
45 Electricity(16)	1736.57	+0.9	1720.93	1720.58	1713.87	1194.72	12.48	4.38	10.30	16.54
46 Telephone Networks(4)	1791.04	+0.5	1782.91	1807.78	1778.48	1406.15	7.35	3.82	17.71	1.63
47 Water(13)	3554.86	+0.4	3542.17	3539.25	3538.16	2380.35	12.71	4.99	8.74	11.83
48 Miscellaneous(32)	2468.65	+1.3	2437.26	2464.12	2422.89	1819.92	6.57	4.37	19.00	1.84
49 INDUSTRIAL GROUP(585)	1490.37	+0.1	1488.43	1490.02	1476.17	1303.78	6.98	3.92	17.87	4.66
51 Oil & Gas(18)	2441.74	+0.3	2434.02	2441.30	2428.10	2016.11	5.88	5.22	22.11	23.60
59 "500" SHARE INDEX(603)	1577.13	+0.2	1574.77	1576.78	1562.63	1371.48	6.87	4.06	18.24	6.02
61 FINANCIAL GROUP(86)	1001.01	+0.3	997.57	1002.62	987.59	707.72	3.04	4.43	62.52	6.00
62 Banks(9)	1378.40	+0.4	1373.17	1383.46	1357.74	877.73	4.52	4.09	32.69	10.88
65 Insurance (Life)(6)	2048.88	+0.4	2040.60	2049.74	2017.72	1432.34	2.47	4.44	71.40	0.00
66 Insurance (Composite)(7)	666.75	+0.3	664.78	666.44	657.52	467.19	‡	4.95	‡	5.25
67 Insurance Brokers(10)	806.93	+0.1	806.48	811.56	797.27	978.02	7.28	5.17	18.53	5.42
68 Merchant Banks(6)	612.35	-0.2	613.86	617.99	617.81	464.23	6.92	3.74	19.01	2.32
69 Property(28)	753.84	+0.5	750.36	750.32	746.17	704.82	7.44	5.58	17.40	1.35
70 Other Financial(23)	349.40	+0.4	348.15	345.32	343.95	243.42	6.28	4.89	20.92	1.10
71 Investment Trusts(107)	1478.64	+0.1	1477.31	1479.90	1469.23	1178.79	2.25	2.87	44.36	6.65
99 FT-A ALL-SHARE(796)	1438.12	+0.2	1435.58	1438.22	1424.13	1213.87	6.18	4.08	20.73	5.98

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2950.4	2955.8	2961.7	2953.8	2949.8	2948.5	2950.6	2952.1	2955.5	2961.8	2944.4
FT-SE Mid 250	3114.3	3113.9	3117.4	3116.4	3116.4	3115.4	3115.8	3116.3	3117.6	3118.7	3112.2
FT-SE-A 350	1453.9	1456.0	1456.6	1455.4	1453.9	1453.3	1454.1	1454.8	1456.2	1456.7	1451.4

Gross dividend yield (ACT at 25%) FT-SE 100: 4.08%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1605.0	1605.0	1604.3	1603.1	1591.9	1591.0	1591.0	1585.9	1580.0	1583.3	1605.7	-22.4
Health&H	1159.0	1165.0	1166.3	1165.9	1165.2	1164.8	1165.6	1167.3	1171.3	1176.4	1157.0	+19.4
Water	1464.1	1465.8	1467.3	1467.4	1467.2	1467.1	1467.3	1469.3	1470.3	1469.6	1464.5	+5.1
Banks	1665.7	1665.0	1665.7	1668.0	1668.3	1664.3	1667.3	1673.0	1673.4	1674.7	1667.9	+6.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1993. © The Financial Times Limited 1993. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.
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LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100⅛xd	—	101⅛	99⅛	9.98	[illegible]
12½pc 1993‡‡	102⅛	-⅛	104⅛	100⅛	12.21	[illegible]
Funding 6pc 1993‡‡	100⅛xd		100¼	95⅛	5.99	[illegible]
Treas 13¾pc 1993‡‡	105⅛	—	107⅞	103⅛	13.01	[illegible]
8½pc 1994	102⅛	—	102⅛	96⅛	8.28	[illegible]
14½pc 1994‡‡	109⅛	-⅛	110⅛	104⅛	13.36	[illegible]
Exch 13½pc 1994	109⅛	-⅛	110⅛	103⅛	12.43	[illegible]
Treas. 10pc Ln. 1994‡‡	105⅛	-⅛	105⅛	98⅛	9.50	[illegible]
Exch 12¾pc 1994	109⅛	—	110⅛	103⅛	11.48	[illegible]
Treas 9pc 1994‡‡	105⅛	—	105⅛	98⅛	8.54	[illegible]
12pc 1995	111⅛	-⅛	111⅛	102⅛	10.81	[illegible]
Exch 3pc Gas 90–95	96½	—	96⅛	88¼	3.11	[illegible]
10¼pc 1995	109⅛	-⅛	109⅛	99⅛	9.36	[illegible]
Treas 12¾pc 1995‡‡	116⅛	-⅛	116⅛	105⅛	10.93	[illegible]
14pc 1996	120⅛	-⅛	120⅛	109⅛	11.65	[illegible]
15¼pc 1996‡‡	125⅛	-⅛	125⅛	113⅛	12.19	[illegible]
Exch 13¼pc 1996‡‡	119⅛	-⅛	120⅛	108	11.08	[illegible]
Conversion 10pc 1996	111⅛	-⅛	111½	99⅛	8.98	[illegible]
Treas 13¼pc 1997‡‡	122¼	-⅛	122⅛	109⅛	10.84	[illegible]
Exch 10½pc 1997	113⅛	-⅛	113⅛	100⅛	9.28	[illegible]
Treas 8¾pc 1997‡‡	108⅛	-⅛	108⅛	94	8.06	[illegible]
Exch 15pc 1997	132	-⅛	132⅛	117⅛	11.36	[illegible]
9¾pc 1998	112⅛	-⅛	112⅛	97⅛	8.69	[illegible]
Five to Fifteen Years						
Treas 7¼pc 1998	103xd	-⅛	103¼	98⅛	7.14	[illegible]
Treas 6¾pc 1995-98‡‡	100⅛	-⅛	100⅞	86⅛	6.70	[illegible]
15½pc '98‡‡	138⅛xd	—	138⅛	123⅛	11.21	[illegible]
Exch 12pc 1998	122⅛	-⅛	122⅛	107⅛	9.80	[illegible]
Treas 9½pc 1999‡‡	112⅛	-⅛	112⅛	97⅛	8.46	[illegible]
Exch 12¼pc 1999	124⅛xd	-⅛	124⅛	109½	9.85	[illegible]
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield Int.	Yield Red.
10pc 2003	116⅛	+⅛	116⅛	100⅛	8.61	7.72
Treas 11½pc 2001-4	122⅛xd	+⅛	122⅛	107⅛	9.39	7.70
Funding 3½pc '99-4	74⅛	+⅛	74⅛	59½	4.69	6.74
Conversion 9½pc 2004	112¼	—	112⅛	95⅛	8.46	7.87
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992/93 high	1992/93 low	Yield (1)	Yield (2)
Index-Linked						
Treas. 2pc '94 (102.9)	132⅛	—	133⅛	122⅛	-	0.71
2pc '96 (67.9)	196⅛xd	+⅛	197⅛	176⅛	1.43	2.15
4⅝pc '98 (135.6)	108⅞	+⅛	108⅛	100⅛	1.99	2.54
[illegible]						

OTHER FIXED INTEREST

[illegible]

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		17⅝xd	-⅛	21¼	14⅝	14,750	2.7
Allegheny & W	♥	553p	—	553p	228p	287.4	3.7
Amdahl		557p	-9	1165p	438p	625.5	1.2
Amer Cyanamid		35⅝	+⅝	38⅝	28⅞	3,211	3.2
Amer Express		19⅜xd	+⅜	19⅜	10¼	9,281	3.6
Amer T & T		40⅞xd	+¼	40⅞	20¾	54,358	2.2
AmeriTech		51¼	-1	62¼	32½	22,439	4.9
BankAmerica		36⅞xd	+¼	37⅜	19¾	12,785	2.6
Bankers NY		50½xd	+⅞	58½	28⅞	4,063	4.3
Bell Atlantic		36	-½	38¼	23⅛	16,458	4.7
BellSouth		38¼	-⅞	39⅞	25	18,881	5.0
Bethlehem Steel	♥	12⅞xd	+⅜	13¼	6¾	1,165	–
Bowater		1629pxd	-17	1682p	905p	590.3	1.7
CPC	h	34xd	-⅜	34⅝	22⅞	5,149	2.4
Cadiz Land Inc	♥	118p	—	342p	108p	–	–
California Engy		1435p	—	1435p	591p	261.3	–
Chase Manhattan		23⅞xd	+⅛	23⅞	9⅝	3,640	3.5
Chrysler		27⅞xd	+⅛	28⅞	8¼	8,144	1.5
Citicorp		18⅛xd	+⅛	18⅛	5⅛	7,165	–
Colgate-Palm		45⅛xd	—	46⅞	25¼	7,254	1.9
Cont'l Bank		1742p	+61	1742p	499p	1,768	2.4
Dana		33¼xd	+¾	34⅛	14⅛	1,625	3.3
Data General		941p	-8	1004p	384p	259.7	–
Decora Inds	♥	148p	—	148p	66p	–	–
Dun & Brad		40¾	+1	40⅞	27⅞	7,280	3.8
Eaton		58⅞	+⅛	59⅞	32½	2,053	2.6
Echlin		17¼xd	+¼	18⅞	7⅞	1,817	2.7
FPL		26⅞xd	+⅛	27⅞	17⅞	4,893	6.3
Ford Motor		34⅞	+⅜	35⅞	15	16,982	2.0
Gen Elect		61xd	+⅞	61¼	36¼	52,096	2.9
General Host	♥	684p	-2	723p	380p	–	3.7
Gillette		42¼xd	+⅛	42¾	23⅞	9,284	1.2
Hasbro		20⅞	—	23½	12⅝	1,815	0.8
Honeywell		23⅞xd	+⅛	24⅝	16	3,188	2.8
Houston Inds		32½	-¼	33¾	22	4,209	6.4
IBM		39¼xd	+⅞	54½	29⅝	22,680	3.7
Ingersoll-Rand		23⅞xd	+⅜	25	12⅞	2,487	2.0
Lockheed		41¾	+⅛	42½	22⅝	2,561	3.5
Lowe's	h	2221p	+20	2221p	815½p	1,820	0.9
Merrill Lynch		48⅞xd	-⅛	49½	24⅝	5,080	1.7
Morgan (JP)		45⅞xd	+¼	46¾	28⅞	8,902	3.5
Morris (Philip)		44⅞xd	+⅛	62¾	37⅞	40,875	2.7
NYNEX		62⅞	-⅞	64⅞	39⅝	12,965	5.1
Pall		12⅞xd	+⅛	15	9⅝	1,433	1.6
Pennzoil		39⅞xd	-⅛	40¼	23⅞	1,623	5.2
Quaker Oats		47¼xd	-⅛	48⅞	28	3,443	2.8
Rockwell		20½xd	-⅛	21⅞	11½	4,496	3.1
Rep NY		36⅝xd	+⅝	36⅞	20⅞	1,880	2.1
Sears, Roebuck		37¼xd	-¼	37⅞	19⅞	12,862	3.0
Sthwestern Bell		51½	-½	52⅞	31⅛	15,431	3.9
Sun Co		19⅞xd	—	21⅛	12⅝	2,665	6.4
Tenneco		32⅞xd	+⅛	32¾	16½	4,184	3.4
Texaco		43⅝	-⅛	44¼	30⅞	11,286	5.0
Time Warner	h	25½xd	-⅛	25⅞	11½	9,473	0.8
Unitab	♥	460p	—	587p	320p	204.9	–
URS Intl 1c		6½p	—	1¼p	0½p	0.51	–
US West		29	-¼	30¼	18⅞	11,958	5.0
Varity		2230p	+61	2230p	833p	674.3	–
Waste Manage		27xd	+⅝	27⅞	18⅞	13,202	1.3
Whirlpool		3720pxd	+10	3720p	1766p	2,600	2.0
Woolworth	♥	21⅞	-⅞	23	13¼	2,778	3.6

CANADIANS

	Notes	Price £	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992/93 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv		188	-½	201	147	3.1	227.8	16.8
Warrants		48	-1	49	21	–	–	–
Scot Mortgage		198	+1	201	135	2.8	228.6	13.4
Scot National Inc		93½	-½	107	65¾	10.7	–	–
Cap		24	—	42	12½	–	78.8	69.5
Stepped Pf		155	—	165½	126	6.2	–	–
Zero Div Pf		208½	—	212	186½	–	–	–
Warrants		4	—	9	3	–	–	–
Scot Value		79	+1	79	48	3.0	79.0	0.3
Sec Alliance		1497xd	+3	1499	1065	3.3	1672.1	10.7
Second Consld		107	—	108	88	–	192.8	44.5
Second Market		319	—	328	222	0.6	353.3	9.9
Sec Tst Scot		84	-½	84½	61	5.2	87.1	3.5
Select Assets		129xd	—	129	78½	1.2	172.4	25.1
Eq Ind Sect		134	+1	134	106	4.2	–	–
Eq Ind Sect		134	+1	134	106	4.2	–	–
SHIRESCOT		120xd	—	123	96	5.8	121.4	1.1
Shires		282	—	282	188	0.6	253.8	-3.1
11pc Cv Ln '03/04		£120xd	—	£131½	£95½	8.7	–	–
Siam Select		132	—	133	68	0.3	153.3	14.2
Warrants		35	—	37	10	–	–	–
Smaller Cos		95xd	—	98	66	3.6	106.2	11.0
Warrants		25	—	25	10	–	–	–
Sphere Inc		21½	—	21½	9½	19.2	34.1	37.0
Zero Div Pf		83¾	-½	85¾	63¾	–	–	–
Sumit		45	—	55	30	4.3	90.4	50.2
TR City of Lon		139	—	140¼	97½	4.6	133.4	-4.0
TR Euro Growth		108	-1	109	70	1.7	112.3	4.3
Pig Sub		54	—	58	27	3.3	–	–
TR Far East Inc		137	—	139	76	4.4	136.5	0.0
Warrants		35	—	39½	12	–	–	–
TR High Inc		118	—	119	91	8.8	118.0	-1.8
Sub		30	—	35	21	8.7	–	–
TR Pacific		132	-½	141	70	0.4	135.8	2.8
TR Prop		20¾	—	27	14½	‡	29.8	30.7
TR Smaller		169	—	170	96	2.9	178.1	5.4

MERCHANT BANKS

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Barings 8pc Cm 2nd Pf.		107½	-1	109½	83½	13.4	9.8
9¾pc Non-Cum Pf		127¼	+½	127½	103¼	50.9	10.2
Close Bros		345	+1	346	205	132.8	3.7
Hambros		325	+1	330	202	555.8	5.7
7½pc Cv Pf		137	—	139	91½	285.5	7.3
Joseph (L)		358	—	363	308	18.8	5.9
Kleinwort Benson		379xd	-7	394	212	485.4	5.6
Rea Bros		45	—	47	25	17.8	1.5
Schroders		1755	+33	1758	1043	862.5	1.4
N/V		1483	+18	1483	863	206.1	1.6
Singer & Fried		63	-1	67	34	121.2	5.6
Warburg (SG)		615	-9	640	403	1,318	3.9
8pc Cv Pf		207xd	-6	216	137	68.1	3.9
Wintrust		209xd	—	250	168	17.7	5.9

METALS & METAL FORMING

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
ASW		180	—	182	50	128.4	4.5
Apollo Metals		112	—	147	73	13.2	4.1
Ash & Lacy		179	—	179	123	44.4	5.0
Barrett (H)		78	—	45	7	3.04	‡
Billam (J)		222	—	220	84	3.69	3.0
Brit Steel		87¼	-½	89	43½	1,745	1.5
CI		23	+1	35	12	19.9	11.9
Castings		162	+2	165	118	34.2	3.3
Chamber & Hill		145	+10	145	90	10.6	5.5
Cohen (A)		375	—	400	255	6.06	‡
Cook (Wm)		178	+1	335	88	30.6	‡
Cooper (F)		47	—	68	22	10.7	5.7
Downiebrae		52	—	57	27	9.10	1.3
Ferraris		54	—	61	18	3.17	2.5

INVESTMENT COMPANIES

MISCELLANEOUS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

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WATER

SOUTH AFRICANS

PLANTATIONS

MEDIA

MOTORS

OIL & GAS

PACKAGING, PAPER & PRINTING

MINES

MINES - Cont.

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Glencar Expl Ir		7	—	16	6	1.29	–
Greenwich Res		15	—	16½	2	11.6	–
Hemlo Gold C$		£4⅝	—	£5	£3½	445.9	2.2
Ivernia West Ir		43	—	53	30	21.8	–
Kells Minls Ir		8	—	42	6	0.19	–
Koomara		7	—	8	2¼	6.72	–
Malinga Res		17½	—	48	8	1.93	–
Navan Res Ir		27	-2	34	18	3.62	–
5pc Ln Notes		29	-2	34	25	5.27	–
Oryx Gold		57	—	103	46¾	–	–
Plateau		3	—	13	3	1.37	–
RTZ		688	-12	704	469	6,968	3.8
Vizcaya		4¼	—	5¼	1	2.54	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings v Not subject to ACT. z Dividend yield includes a special payment E Auction basis F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93 L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F

51 Belmont Rd Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	170 5	172 4	181 5	+2.60	0 00
AIB Grofund Equity	5	210 2	213 1	225 3	-1 00	3 34
AIB Grofund Euro	5	165 3	165.9	176 5	+1 98	0.33
AIB Grofund Ecu Bal...	3	101 8	103 7	107 0	-0 10	2.28
AIB Grofund Gilt	3	78 42	78 57	81 00	-0 02	5 00
AIB Grofund Japan	5	139 1	140 7	148 1	+1.30	0 00

AXA Equity & Law Unit Tst Mngrs (1200)H

Equity & Law Hse Corporation St Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	422 2	424 1xd	451 2	-0 8	2 57
General Acc	5	463 6	465 6xd	495 4	-0 9	2 57
UK Growth Acc	6	310 8	315 1	335 3	-1 2	2 87
UK Growth Inc	6	222 8	225 9	240 4	-0 8	2 87
Higher Inc Acc	6	556 9	565 1	601 2	-2 0	3 97
Higher Inc Inc	6	343 6	348 5	370 8	-1 3	3 97
Gilts/Fxd Int Acc	5½	176 6	176 6xd	186 5	+0 2	6 62
Gilts/Fxd Int Inc	5½	92 55	92 55xd	97 74	+0 08	6 62
Nth America	6	268 6	273 5	291 0	+1.9	0 00
Far East	6	267 3	267 3	284 4	+0 7	0 33
Europe	6	221 4	221 4xd	235 6	+1 6	1 27
Brit Excell	6	64 33	64.33	68 44	-0 27	2.85
Brit Fndmtls Acc	6	84 10	84 10xd	89 47	-0 32	5 25
Brit Fndmtls Inc	6	65 24	65 24xd	69.41	-0 24	5.25

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point: a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
AES European	5	110.30	110.90	116.70	+0.60	1.38
AES Intl Bond & Conv	5	127.80	128.20	134.90	+0.40	5.46
AES Pooled Pension §	7	151.7	156.6	166.4		-
AES Smaller Cos	5	61.73	63.62	66.97	+0.05	1.90
AES UK General	5	119.90	121.70	128.10	+0.20	2.69
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	393.29	393.29	418.39	-0.99	4.95
Global Inc	5	58.52	58.52	62.26	-0.03	3.91
Brit. Leaders	5	322.17	322.67	343.26	-0.70	2.99
Intl Leaders	5	193.50	193.58	205.94	+2.46	1.6
Pfn Mar Bd Cap Inc	3½	53.81	55.07	57.22	+0.30	2.97
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	53.75	53.75	57.17	+0.30	1.31
Far Eastern Tst	6	57.30	58.14	61.85	+0.26	0.86
Smaller Cos	5	142.7	147.0	156.4	-0.2	1.86
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS. 071-637 5377						
S & W American §	5	281.6	282.3	298.7	+6.10	0.79
S & W Capital	5	118.5	118.5	126.8	+0.50	1.81
S & W Capit §	0	102.67	102.67	102.67	+0.81	5.75
S & W European	5	117.4	117.5	124.3	+0.90	1.52
S & W Far Eastern	5	124.1	125.5	132.4	+0.80	0.00
S & W Growth	5	125.4	126.7	134.1	....	1.64
S & W Income	5	112.6	114.0	120.6	+0.20	4.72
S & W Magnum	5	125.3	125.3	134.3	+0.60	1.67
S & W Smllr Secs	5	305.5	311.3	329.4	+2.10	0.77
S & W Thoroughbred	5	145.1	145.1	155.4	+0.50	1.67
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-410 4029						
American Gwth	5¼	86.41	86.41	92.41	+1.20	0
Eur Sp Sits Acc	5¼	46.27	46.27	49.19	+0.28	0
Eur Sp Sits Inc	5¼	41.70	43.70	46.45	+0.25	0
Far East Opps Inc	5¼	30.53	30.53	32.93	+0.17	0
Far East Opps Acc	5¼	31.37	31.37	33.84	+0.18	0
General Growth	5¼	99.02	99.02	106.00	-0.20	2.36
General Growth Acc	5¼	101.50	101.50	108.70	-0.20	2.36
Global Tech	5¼	120.10	120.10	129.70	+0.40	0
Income Growth	5¼	99.51	99.51	106.80	+0.50	3.86
Income Growth Acc	5¼	101.40	101.40	108.80	+0.40	3.90
Income Monthly	5¼	56.69	56.69	60.63	-0.10	5.19

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2½	95.08	95.08	97.28	+0.19	0.00
Short Dtd Gilt	1¼	110.3	110.3	111.9	.....	3.50
U.S. Govmt Bond	1¼	0.7109	0.7109	0.7202		0.00
Gilt Income	4	53.24	53.24	55.40	-0.05	8.00
Gilt Growth	4	66.34	66.34	69.06	+0.01	0.00
City Reserve	0	52.30	52.30	52.30	+0.01	5.89
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square, Swanley BR8 7AG 081 2984000						
Stockmarket Fd F	5	66.99	67.34	71.53	+0.05	2.12

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exmt Mar 3	658.2	680.1	..	1.02
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	52.84	54.73	.....	5.0
Income Plus	50.07	51.10	.....	7.4
James Capel Fund Managers Ltd				
European Exempt	£112.891	114.086	+0.348	2.93
Japanese Exempt	£118.755	120.632	+0.031	-
Managed Exempt	£132.58	140.186	+0.366	3.00
North American Exempt	£107.811	109.622	+0.519	1.09
Pacific Exempt	£117.568	119.907	+0.97	2.82
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Feb 28	604.15	609.40	....	4.74
Fxd Int Sec Feb 28	155.70	156.45	.....	9.27
Deposit Fund: See Money Market Trust Funds.				
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				

INSURANCES

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Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Adventurous Mngd.	170 8	181.8	+1.3	-
Balanced Gwth Mngd.	694 0	738 4	+2.0	-
Cautious Mngd.	131.7	140 2	+0.3	-
Cash Fd	318.5	335 7		-
Property Fund	217 1	231.0		-
Gilt Fund 20	454.2	483 2	-0.4	-
Equity Fund	800.0	851 1	+4 7	-
Fxd Int. Fund	425 6	449 5		-
International	356.1	378.9	+2.1	-
High Income	624 1	664 0	-2.9	-
Technology	471.4	501.5	+3 9	-
North American	489.7	521.0	+5 3	-
Far East	471.7	501 9	+8 0	-
Special Sits	566 7	602.9	-2 6	-
Extra Inc Fd	335 6	357.1	-1.6	-
American Income	197.3	209.9	+2.0	-
Convertible & Gilt Fd	163.4	173 9		-
European Fund	129.1	137 4	+1 0	-
Pref & Fixed Int	116.0	123.5	+0 1	-
UK Blue Chip	121 3	127 9	+0 1	-
Recovery Fund	121 0	127.6	+0.1	-
Equity Income Dist.	112.5	119 7	+0.3	5 08
Managed Dist.	106 1	112 9	+0.3	5.77
High Yield Dist.	106 1	111.9	+0 1	8.00
Pension Funds				
Adventurous Mngd Pens Acc.	182.3	191 9	+1.5	-
Balncd Gth Mngd Pens Acc.	820.7	863 9	+3 8	-
Cautious Mngd Pens Acc.	153 1	161.2	+0 4	-
Building Soc Acc	367 8	387 2		-
Property Pens. Acc	296.4	312.0		-
Fix Int Pens. Acc	678.2	713.9	-0.1	-
Equity Pens Acc.	1054 5	1110.1	+10 0	-
International Pens Acc.	334.8	352 5	+1.9	-
High Inc Pens Acc	707.5	744 8	+0.6	-
Tech Pens Acc.	334.9	352 6	+3 8	-
N American Pens Acc.	379 5	399.5	+4 5	-
Far Eastern Pens Acc.	483 8	509.3	+7 8	-
Special Sits Pens Acc.	469 8	494 6	-0 5	-
Extra Income Pens Fd.	415.4	437 3	+0.3	-
American Inc Pens	230 6	242.8		-
Convertible & Gilt Pen	199.7	210 3	+2.8	-
European Pens	145 2	152 9	+1 3	-
Managed Cash Pens	173 1	182.3		-
Pref & Fixed Pens	135.2	142 4	+0 1	-
UK Blue Chip	129.9	136 8	+0 2	-

Reliance Mutual

Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	169.5	178.4		-
Equity Acc Fd.	417.2	439.2	-0.5	-
Managed Acc Fd.	367.3	386.7		-
Prop Fd (1st Issue)	-	667 2		-
Prop Acc Fd (2nd Iss).	125 9	132.5		-
Unit Trust Mn. Fd	177 8	187 1		-
BL Pension Funds				
Deposit Acc.	246.8	259.8		-
Equity Acc.	315.5	332.1	-0.4	-
Fixed Int Acc.	254.7	268.1		-
Gilt Inds Lnk Acc	191.8	201.9		-
Managed Acc.	412.6	434.3		-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	98.20	103.4	+0.10	-
JRA/M&G Managed	121.6	128.1		-
JRA/Scottish Amicable Mngd	117.1	123 3		-
JRA/St James's Place Mngd	124.9	131.5	+0.10	-
Deposit	100 6	105.9		-
Far East	128 9	135.7	+0.70	-
Gilts	110.8	116.7		-
Greater European	118.1	124 4		-
North American	140 6	148.0	+0.40	-
UK Equity	122 2	128 7	-0.20	-
Pension Funds				
JRA/M&G Managed cap.	120.7	127.1	+0.10	-
JRA/M&G Managed acc.	126.9	132.1	+0.10	-
JRA/Scottish Amicable Mngd cap	117.3	123.5	-0.10	-
JRA/Scottish Amicable Mngd acc	121.9	128.4	-0.10	-
JRA/St James's Pl Mngd cap.	131.3	138.3	-0.30	-
JRA/St James's Pl Mngd Acc.	136.5	143.7	-0.30	-
Deposit cap	100.4	105.7		-
Deposit acc	104.4	109.9		-
Far East cap	127.2	133.9	+0.90	-
Far East acc	132 1	139.1	+0.90	-
Gilts cap	108.4	114.2		-
Gilts acc.	112.7	118.7		-
Greater European cap	120.9	127.3	-0.10	-
Greater European acc.	125.6	132.3	-0.10	-
North American cap	138.9	146.3	-0.10	-
North American acc.	144 4	152.1		-
UK Equity cap	123 3	129.8	-0.30	-
UK Equity acc.	128.1	134.9	-0.30	-

Royal Heritage Life Assurance Ltd

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IRELAND (REGULATED)

GUERNSEY (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

IRELAND (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

IBI Global Funds Limited

	Bid Price	Offer Price	+ or -	Yield Grss
Int'l Stlg Gwth	£22.24	23.42	+0.06	-
Int'l $US Gwth	$18.59	19.58	+0.06	-
High Income Gilt	£27.86	28.68	+0.35	-
International Equity	£22.91	24.13	+0.07	-
International Bond	£25.06	25.97	+0.35	-
Managed Currency	£28.16	28.46	+0.04	-
Sterling Currency	£26.89	27.17	+0.02	-
US$ Currency	$37.91	38.30	+0.01	-
Irish £ Currency	I£15.94	16.11	+0.03	-

R & H Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Grss
LFM Sterling Fd	£11.42	11.90	.....	-
B.F. Offshore Inc Fd Ltd	£12.78	13.32	.....	-
IMC Offshore Fd	£10.01	10.84	.....	-
Nelson Miles W/W $/S	£11.62	11.95	.....	-

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

PO Box 468 St Helier Jersey 0534 36633

AIB Currency Funds Ltd

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Int'l Managed Bond . 5		I£ -	22.7108	22.7287	[illegible]	-
Managed Capital Bd . 5		I£ -	22.5147	22.5476	[illegible]	-

AIB Grofund Currency Fund Limited

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stlg Mngd Currency N . 5		£ -	11.1325		[illegible]	-
Sterling Currency Fd . 5		£ -	10.6964		[illegible]	-
Ecu Currency . 5		Ecu -	11.1403		[illegible]	-
US Dollar Mngd Curr . 5		$ -	21.6890		[illegible]	-

Barclays International Funds

PO Box 152, St Helier, Jersey CI 0534 67888

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Australian Eq (Inc) . 5¼	£1.076	1.082		1.157	[illegible]	0.9
Global Income (Inc) . 5¼	£0.574	0.587		0.621	[illegible]	2.6
Global Resources . 5¼	£0.464	0.469		0.502	[illegible]	0.2

Currency Funds

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stlg Premium Income		£10.02		10.02	.....	5.7
Sterling		£ -		23.84	.....	5.5
US Dollar		$ -		32.62	.....	1.8
Deutschemark		DM -		61.70	+0.02	7.3
Yen		Y -		4236	[illegible]	1.7

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Confidence vote buoys lira

THE LIRA recouped some of its losses yesterday after the government won a vote of confidence in the Italian senate, and the Bank of Italy intervened to support the currency, *writes Emma Tucker*.

A sense of relief on foreign exchange markets that Mr Giuliano Amato, the Italian prime minister, was not going to resign helped pushed the lira back to around L961.50 to the D-Mark from a previous close of L964.

It now appears that Mr Amato will continue to head his government until an election later this year, following April's referendum on changes to the electoral system.

Mr Julian Jessop, international economist at Midland Global Markets, says one of the biggest hurdles facing Italy between now and the election is a possible down grading of the country's credit ratings.

"This would lead to a flood of selling by US investment houses," said Mr Jessop.

Moody's, the US international credit rating agency, has already placed Italy's debt under review while Standard Poor's, the other big agency, has recently downgraded the rating on Italy's sovereign long-term foreign debt.

Italy is currently rated by Moody's as Aa3. According to Mr Jessop, a downgrading would prompt heavy selling of Italian debt as many investment houses, particularly in the US, are not allowed to hold debt below the Aa3 rating.

Further monetary easing in Germany would help Italy to avoid this situation, he said. If the central bank was able to lower lending rates it would be easier for the government to tighten fiscal policy and improve its standing among international investors.

European exchange rate mechanism currencies were relatively stable yesterday even after three members took advantage of the opportunity offered by the Bundesbank last week to cut interest rates. The Dutch, Belgian and Danish central banks followed suit by cutting their lending rates.

The Danish crown stood at 3.8360 per D-mark in late European trading from 3.8335. The Belgian and Dutch currencies were barely changed from the previous day's close.

The peseta suffered a setback in early trading. Some analysts said this reflected growing expectations of a rate cut in Spain. Interest rates in Spain are still at extremely high levels. Yesterday the one month interbank rate stood at 16½ per cent. With the unemployment rate above 20 per cent, the Spanish authorities are keen to ease monetary conditions and recent good inflation figures, together with the Bundesbank easing, may have provided the ideal opportunity.

However, other factors mitigate against a rate cut. In particular the Spanish government is nervous that some recent speculation against the escudo could spread to the peseta. As one analyst put it; "The last thing the Spanish government wants to do now is draw attention to the peseta."

£ IN NEW YORK

Mar 10	Latest	Previous Close
£ Spot	1.4325-1.4335	1.4395 1.4405
1 month	0.37-0.36pm	0.37 0.36pm
3 months	1.00-0.98pm	0.98 0.96pm
12 months	2.70-2.60pm	2.75 2.65pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 10	Previous
8.30 am	77.2	77.4
9.00 am	77.2	77.4
10.00 am	77.1	77.6
11.00 am	77.2	77.5
Noon	77.2	77.5
1.00 pm	77.3	77.5
2.00 pm	77.3	77.4
3.00 pm	77.1	77.3
4.00 pm	77.2	77.3

CURRENCY RATES

Mar 10	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.954161	0.812130
U.S Dollar	3.00	1.37590	1.16419
Canadian $	6.09	1.71451	1.45267
Austrian Sch	8.25	16.0788	13.6536
Belgian Franc	7.50	47.0627	39.9579
Danish Krone	11.50	8.76861	7.44382
D-Mark	8.00	2.28537	1.94047
Dutch Guilder	7.50	2.56523	2.18076
French Franc	10	7.73875	6.58581
Italian Lira	11.50	2203.32	1876.43
Japanese Yen	2.50	160.705	137.258
Norway Krone	-	9.71317	8.24944
Spanish Peseta	-	162.700	138.166
Swedish Krona	11.50	10.4789	8.85423
Swiss Franc	5.50	N/A	1.78959
Greek Drach	19	N/A	262.001
Irish Punt	-	N/A	0.797662

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Mar 9

CURRENCY MOVEMENTS

Mar 10	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.2	-32.28
U S Dollar	66.7	+11.30
Canadian Dollar	97.4	-5.05
Austrian Schilling	115.3	+16.94
Belgian Franc	116.0	+1.99
Danish Krone	118.8	+12.39
D-Mark	125.4	+31.96
Swiss Franc	109.7	+17.45
Dutch Guilder	119.7	+21.12
French Franc	109.8	-6.66
Lira	78.7	-35.99
Yen	163.6	+101.90
Peseta	99.6	-24.33

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Mar.9

OTHER CURRENCIES

Mar 10	£	$
Argentina	1.4280 - 1.4305	0.9980 - 0.9990
Australia	2.0280 - 2.0300	1.4165 - 1.4175
Brazil	30806.8 - 30828.5	21529.7 - 21529.8
Finland	8.6290 - 8.6635	6.0250 - 6.0550
Greece	318.300 - 324.600	222.130 - 226.570
Hong Kong	11.0675 - 11.0795	7.7360 - 7.7370
Iran	2200.00*	1486.00*
Korea(Sth)	1136.45 - 1154.75	789.70 - 795.90
Kuwait	0.44000 - 0.44100	0.30750 - 0.30850
Luxembourg	49.00 - 49.10	34.20 - 34.30
Malaysia	3.7275 - 3.7375	2.6080 - 2.6090
Mexico	4.4635 - 4.4665	3.1180 - 3.1200
N.Zealand	2.7120 - 2.7150	1.8945 - 1.8965
Saudi Ar	5.3600 - 5.3710	3.7495 - 3.7505
Singapore	2.3570 - 2.3630	1.6485 - 1.6495
S.Af (Cm)	4.5590 - 4.5695	3.1880 - 3.1900
S.Af (Fn)	6.5535 - 6.5675	4.5780 - 4.5880
Taiwan	37.10 - 37.20	25.90 - 26.00
U.A.E.	5.2015 - 5.2195	3.6715 - 3.6735

*Floating rate. Iran Official rate £98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 10	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.166	-2.80	3.45	48
Irish Punt	0.809996	0.797662	-1.52	2.10	58
Dutch Guilder	2.20045	2.18076	-0.89	1.46	32
Belgian Franc	40.2802	39.9579	-0.80	1.36	27
Portuguese Escudo	180.624	179.436	-0.66	1.21	10
D-Mark	1.95294	1.94047	-0.64	1.19	26
Danish Krone	7.44934	7.44382	-0.07	0.62	-8
French Franc	6.54988	6.58581	0.55	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4275 - 1.4385	1.4320 - 1.4330	0.37-0.35cpm	3.02	1.00-0.97pm	2.75
Canada	1.7820 - 1.7940	1.7855 - 1.7865	0.15-0.06cpm	0.71	0.28-0.09pm	0.41
Netherlands	2.6750 - 2.6960	2.6750 - 2.6850	½-⅝cdis	-2.24	1⅛-1⅜dis	-1.87
Belgium	49.00 - 49.35	49.00 - 49.10	8-12cdis	-2.45	23-29dis	-2.12
Denmark	9.1410 - 9.2000	9.1425 - 9.1525	6⅞-9¼oredis	-10.08	18-21⅛dis	-8.55
Ireland	0.9795 - 0.9835	0.9800 - 0.9810	0.45-0.50cdis	-5.81	1.28-1.37dis	-5.41
Germany	2.3820 - 2.4000	2.3825 - 2.3875	½-⅝pfdis	-2.52	1⅛-1⅜dis	-2.10
Portugal	219.95 - 220.95	219.95 - 220.95	199-168cdis	-8.90	428-461dis	-8.07
Spain	169.45 - 170.65	169.45 - 169.75	154-178cdis	-11.75	364-410dis	-9.13
Italy	2292.90 - 2317.70	2293.00 - 2294.00	10-12lirdis	-5.76	31-34dis	-5.67
Norway	10.1290 - 10.2010	10.1325 - 10.1425	2-2½oredis	-2.66	6⅛-7⅛dis	-2.66
France	8.0815 - 8.1375	8.0900 - 8.1000	3⅞-4⅛cdis	-5.74	10⅝-11⅛dis	-5.40
Sweden	10.8800 - 10.9800	10.8900 - 10.9000	3⅛-3⅞oredis	-3.92	9⅛-10⅛dis	-3.53
Japan	168.50 - 169.90	168.50 - 169.50	½-⅜ypm	3.11	1⅛-1⅛pm	2.81
Austria	16.73 - 16.84	16.73 - 16.76	2⅛-3⅛grodis	-2.33	8-9⅞dis	-2.13
Switzerland	2.1925 - 2.2185	2.1925 - 2.2025	⅛-parcpm	0.68	⅛-⅛pm	0.68
Ecu	1.2260 - 1.2285	1.2260 - 1.2270	0.33-0.38dis	-3.47	0.92-0.99dis	-3.11

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.71-1.66pm . 12 Month 2.72-2.62pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Mar 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4275 - 1.4385	1.4320 - 1.4330	0.37-0.35cpm	3.02	1.00-0.97pm	2.75
Ireland†	1.4565 - 1.4640	1.4620 - 1.4630	1.09-1.04cpm	8.74	2.95-2.85pm	7.93
Canada	1.2450 - 1.2485	1.2460 - 1.2470	0.22-0.26cdis	-2.31	0.68-0.78dis	-2.34
Netherlands	1.8685 - 1.8755	1.8705 - 1.8715	0.78-0.81cdis	-5.10	2.11-2.17dis	-4.58
Belgium	34.20 - 34.35	34.20 - 34.30	14.00-16.00cdis	-5.26	41.00-45.00dis	-5.02
Denmark	6.3790 - 6.4000	6.3825 - 6.3875	5.75-8.00oredis	-12.92	16.00-21.00dis	-11.59
Germany	1.6620 - 1.6700	1.6640 - 1.6650	0.76-0.77pfdis	-5.52	2.03-2.05dis	-4.90
Portugal	153.70 - 154.20	154.10 - 154.20	143-148cdis	-11.33	418-433dis	-11.04
Spain	118.30 - 118.90	118.40 - 118.50	144-149cdis	-14.84	363-373dis	-12.43
Italy	1600.00 - 1616.50	1600.75 - 1601.25	11.60-12.60liredis	-9.07	33.50-35.30dis	-8.59
Norway	7.0675 - 7.0925	7.0750 - 7.0800	3.00-3.70oredis	-5.68	9.20-10.20dis	-5.48
France	5.6385 - 5.6645	5.6475 - 5.6525	0.40-0.42cdis	-0.87	1.14-1.17dis	-0.82
Sweden	7.5905 - 7.6240	7.6025 - 7.6075	4.00-5.00oredis	-7.10	11.60-12.60dis	-6.36
Japan	117.65 - 118.50	117.95 - 118.05	par-0.02ydis	-0.10	0.02dis-par	-0.03
Austria	11.6990 - 11.7350	11.7245 - 11.7295	4.70-5.05grodis	-4.99	12.55-13.65dis	-4.47
Switzerland	1.5325 - 1.5405	1.5340 - 1.5350	0.29-0.32cdis	-2.39	0.77-0.82dis	-2.07
Ecu†	1.1630 - 1.1675	1.1660 - 1.1670	0.64-0.63cpm	6.53	1.72-1.70pm	5.86

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Mar 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6 - 5⅞	6 - 5⅞	6 - 5⅞	6 - 5⅞	5⅞ - 5¾	5¾ - 5⅝
US Dollar	3⅛ - 2⅞	3⅛ - 3	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3⅝ - 3½
Can. Dollar	5⅝ - 5⅜	5⅝ - 5⅜	5⅝ - 5½	5⅝ - 5½	5⅞ - 5¾	6⅛ - 6⅛
Dutch Guilder	8⅛ - 8⅛	8⅛ - 8	8 - 7⅞	7⅞ - 7¾	7⅛ - 7⅛	6⅞ - 6⅝
Swiss Franc	5⅜ - 5⅛	5⅜ - 5⅛	5⅜ - 5⅛	5⅛ - 5⅛	4⅞ - 4⅝	4⅝ - 4½
D-Mark	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8⅛	7⅞ - 7⅞	7½ - 7⅜	6⅞ - 6⅛
French Franc	11⅛ - 11	11⅛ - 11⅛	11⅛ - 11⅛	11 - 10⅞	10 - 9⅞	8⅞ - 8⅛
Italian Lira	12½ - 10½	11⅞ - 11⅞	11⅞ - 11⅛	11½ - 11	11⅜ - 11	11 - 10⅝
Belgian Franc	8⅛ - 8⅛	8⅛ - 8⅛	8⅛ - 8	8 - 7⅞	7⅞ - 7⅛	7⅛ - 7⅛
Yen	3⅜ - 3⅛	3⅜ - 3⅛	3⅜ - 3⅜	3⅜ - 3⅛	3⅜ - 3⅛	3⅜ - 3⅛
Danish Krone	13 - 11	13 - 11	15 - 12½	15⅞ - 14½	14⅛ - 13½	12 - 11½
Asian $Sing	4 - 3	4 - 3	3½ - 2½	3⅛ - 2⅛	3⅛ - 2⅛	4 - 3
Spanish Peseta	16⅞ - 16⅛	16⅞ - 16⅛	16⅞ - 16⅛	15⅛ - 14⅞	13⅞ - 13⅝	13⅛ - 13
Portuguese Esc	15⅛ - 14⅛	15⅛ - 14⅛	14⅞ - 14⅞	14⅝ - 13⅞	13⅞ - 13⅛	13⅝ - 13⅛

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 4⅛-4⅝ per cent; four years 5⅜-5⅛ per cent; five years 5½-5⅜ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.10	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.433	2.385	169.0	8.095	2.198	2.680	2294.	1.786	49.05	169.6	1.227
$	0.698	1	1.664	117.9	5.649	1.534	1.870	1601	1.246	34.23	118.4	0.856
DM	0.419	0.601	1	70.86	3.394	0.922	1.124	961.8	0.749	20.57	71.11	0.514
YEN	5.917	8.479	14.11	1000.	47.90	13.01	15.86	13574	10.57	290.2	1004	7.260
F Fr.	1.235	1.770	2.946	208.8	10.	2.715	3.311	2834	2.206	60.59	209.5	1.516
S Fr.	0.455	0.652	1.085	76.89	3.683	1	1.219	1044	0.813	22.32	77.16	0.558
N Fl.	0.373	0.535	0.890	63.06	3.021	0.820	1	856.0	0.666	18.30	63.28	0.458
Lira	0.436	0.625	1.040	73.67	3.529	0.958	1.168	1000.	0.779	21.38	73.93	0.535
C$	0.560	0.802	1.335	94.62	4.532	1.231	1.501	1284	1	27.46	94.96	0.687
B Fr.	2.039	2.922	4.862	344.5	16.50	4.481	5.464	4677	3.641	100	345.8	2.502
Pta	0.590	0.845	1.406	99.65	4.773	1.296	1.580	1353	1.053	28.92	100	0.723
Ecu	0.815	1.168	1.944	137.7	6.597	1.791	2.184	1870	1.456	39.98	138.2	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE EURO SWISS FRANC OPTIONS SFR 1m points of 100%

LIFFE EURO FUTURES OPTIONS

LIFFE EUROMARK OPTIONS DM1m points of 100%

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT £50,000 32nds of 100%

US TREASURY BONDS 8% $100,000 32nds of 100%

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL) DM250,000 100ths of 100%

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) LIRA 200m 100ths of 100%

10% NOTIONAL SPANISH GOVT. BOND (BONOS) Pta 20m 100ths of 100%

THREE MONTH STERLING £500,000 points of 100%

	Close
Mar	94.05
Jun	94.49
Sep	94.77
Dec	94.70

THREE MONTH EURODOLLAR $1m points of 100%

	Close				Prev.
Mar	96.74				94.77
Jun	96.57				95.55
Sep	96.33				95.80
Dec	95.91				95.91

THREE MONTH EUROMARK DM 1m points of 100%

	Close
Mar	92.10
Jun	93.15
Sep	93.93
Dec	94.26

THREE MONTH ECU ECU 1m points of 100%

	Close				Prev.
Mar	90.95				90.84
Jun	91.91				91.84
Sep	92.72				92.65
Dec	93.10				93.07

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

	Close
Mar	94.84
Jun	95.66
Sep	95.88
Dec	95.97

THREE MONTH EUROLIRA INT. RATE LIRA 1,000m points of 100%

	Close				Prev.
Mar	88.76				88.71
Jun	89.44				89.36
Sep	89.88				89.77
Dec	90.03				89.97

FT-SE 100 INDEX * £25 per full index point

	Close	High	Low	Prev
Mar	2962.0	2973.0	2952.0	2958.0
Jun	2978.5	2991.0	2969.5	2976.0
Sep	2996.0			2993.5

Estimated volume 10632 (14417)
Previous day's open int. 52992 (53625)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth.	6-mth.	12-mth.
1.4325	1.4289	1.4226	1.4156	1.4058

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

JAPANESE YEN (IMM) Y12.5m $ per Y100

DEUTSCHE MARK (IMM) DM125,000 $ per DM

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

BRITISH POUND (IMM) $ per £

SWISS FRANC (IMM) SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX $500 times index

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)

CAC-40 FUTURES (MATIF) Stock Index

ECU BOND (MATIF)

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls April	Calls June	Calls September	Puts April	Puts June	Puts September
114	-	-	-	-	0.14	-
115	-	2.82	-	-	0.25	-
116	1.70	2.06	2.50	0.07	0.45	0.83
117	0.83	1.34	1.87	0.22	0.73	1.20
118	0.28	0.83	1.35	-	-	-
Open Int	29,471	171,297	25,226	11,867	91,408	17,735

Estimated volume 26,618 † Total Open Interest 349,869
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Europe eases rates

BELGIUM, the Netherlands and Denmark followed the latest round of monetary easing by the Bundesbank with rate cuts of their own yesterday.

Denmark was the first to act. The central bank cut ½ point off its two-week rate to 11¼ per cent saying that the move was made possible by continued currency inflows, a strong krone and lower market rates.

Later in the day the Bundesbank gave further confirmation of the direction in which its lending rates are going by cutting the lowest accepted rate on its 28-day repo funds to 8.25 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

The move followed a cut in the 14-day repo interest rate to 8.25 per cent on Friday. Many saw yesterday's reduction as a clear signal that the German central bank would cut its officially posted rates next week. Not all, however, are convinced. Some analysts expect the German authorities to wait until real progress has been made on the so-called Solidarity pact before it reduces official rates. In the meantime it will act to ease strains in the European monetary system by slicing repo rates.

The Belgian and Dutch rate cuts were widely expected, but the market was pleasantly surprised by the extent of the reductions.

The Belgian central bank announced it was cutting its discount rate by 25 basis points to 7.25 per cent from 7.50 per cent and its key money market central interest rate by 20 basis points to 8.10 per cent from 8.30 per cent.

The Belgian authorities also cut their end-of-day rate to 9.10 from 9.30 per cent but left the emergency lending rate, equivalent to Germany's Lombard rate, unchanged at 9.75 per cent.

In the Netherlands, the Dutch central bank said it would cut its three official interest rates by 0.25 per cent and lower its special advances money market rate to 8.10 per cent from 8.30 per cent. It lowered the discount rate to 7.25 per cent from 7.50 per cent.

French franc and Euromark futures advanced strongly, although dealers reported that prices were moving up before the announcements of the various European rate cuts.

Interbank rates in the UK money markets barely changed in a dull day's trading. Although conditions were tight at the start of the day, the shortage was eventually relieved by late assistance from the Bank of England.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar 10) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3¼	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.01	Three year	4.45
Broker loan rate	5	Two month	3.13	Five year	5.23
Fed.funds	2⅞	Three month	3.03	Seven year	5.63
Fed.funds at intervention	-	Six month	3.18	10-year	5.95
		One year	3.39	30-year	6.75
		Two year	4.02		

Mar 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.30-8.45	8.25-8.35	7.95-8.05	7.80-7.90	7.35-7.45	9.00
Paris	10⅞-11⅛	11-11⅛	-	10⅞-11⅛	-	9.10
Zurich	5⅛-5⅜	5⅛-5⅜	-	5⅛-5⅛	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	3⅛-3⅛	3⅛-3½	-	3⅛-3⅛	-	-
Milan	11⅛-11⅛	11⅞-11⅞	-	11⅛-11⅛	-	-
Brussels	8⅛-8⅛	8⅛-8⅛	-	8-8⅛	-	-
Dublin	11-11⅛	11⅛-11⅛	11-11⅛	11-11⅛	10⅛-10⅝	-

LONDON MONEY RATES

Mar 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7⅛	6⅛	6½	6	5⅞	5⅞
Interbank Bid	4	6	6	5⅞	5⅝	5½
Sterling CDs	-	-	6	5⅞	5⅞	5⅝
Local Authority Deps.	6⅛	6	5⅞	5⅞	5⅝	5⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	7	6⅛	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5⅞	5⅞	5⅝	5⅞
Treasury Bills (Buy)	-	-	5⅛	5⅝	5½	-
Bank Bills (Buy)	-	-	5⅛	5⅞	5⅜	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.02	3.08	3.20	3.46
SDR Linked Dep. Offer	-	-	5⅛	4⅞	4⅞	4⅝
SDR Linked Dep Bid	-	-	4⅞	4⅞	4⅞	4½
ECU Linked Dep Offer	-	-	9⅝	9⅛	9⅛	8⅞
ECU Linked Dep Bid	-	-	9½	9⅛	8⅞	8⅛

Treasury Bills (sell); one-month 5⅞ per cent, three months 5⅜ per cent, six months 5⅛ per cent; Bank Bills (sell): one-month 5⅞ per cent, three months 5⅝ per cent: Treasury Bills; Average tender rate of discount 5.3717. ECGD Fixed Rate Sterling Export Finance. Make up day February 26, 1993. Agreed rates for period March 24, 1993 to April 25, 1993, Scheme I 7.35 p.c. Schemes II & III: 7.47 p.c. Reference rate for period January 30, 1993 to February 26, 1993, Scheme IV&V: 6.228 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7 from March 1 1993. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ per cent; one-three months 5¼ per cent; three-six months 5 per cent; six-nine months 4¾ per cent; nine-twelve months 4½ per cent. Under £100,000 2¾ per cent from Jan.27, 1993. Deposits withdrawn for cash 1½ per cent.

CONTRACTS & TENDERS

INTERNATIONAL COMPETITIVE BIDDING
BIDDING NOTICE No 845-9-001-93

PETRÓLEO BRASILEIRO S.A. – PETROBRÁS has received a loan from the WORLD BANK in various currencies equivalent to US$260 million, and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contracts for design, fabrication, material supply, assembly, testing and painting of the tanks and spheres of the storage bases located at Jequié and Itabuna of the Recôncavo/South of Bahia Pipeline (ORSUB), and at Joinville, Itajai and Florianopolis of the Paraná/Santa Catarina pipeline (OPASC), with a storage capacity estimated at 63,000m³ for ORSUB and 125,000m³ for OPASC.

This Bidding is open to all manufacturers of tanks or spheres from eligible countries, members of the World Bank, Switzerland and Taiwan, China, who have had experience in manufacturing the following items:

a) one floating roof tank with a capacity equal to or greater than 15,000m³, under Standard API, in the last 5 (five) years or two tanks of the same type and capacity in the last 10 (ten) years; and

b) one sphere with a capacity of 3,200m3 according to ASME code in the last 5 (five) years or two spheres with the same capacity in the last 10 (ten) years.

A set of bidding documents (including additional qualification criteria) may be purchased at the address indicated below as of March 10, 1993, upon payment of a non-refundable fee in cruzeiros equivalent to US$300.

PETROBRÁS/SEGEN/EMDUT
Rua General Canabarro, No. 500 – 8th Floor
Rio de Janeiro – RJ – Brazil
CEP (-ZIP CODE) 20271-201
Phone: (021) 566-3660/3661
Telex: (021) 10191 PETR BR
Fax: (021) 566-5747

MONEY MARKET FUNDS

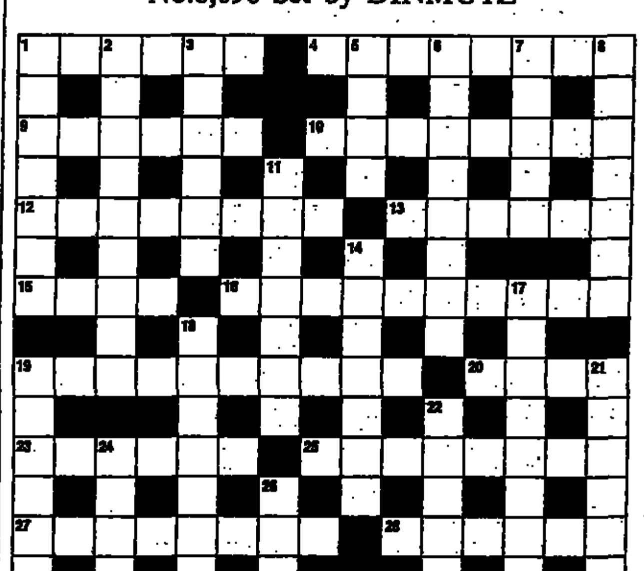
Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CROSSWORD

No.8,098 Set by DINMUTZ



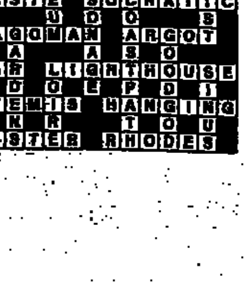
ACROSS

1 Build up like a ship's company, say? (6)
4 Imitation diamond comes up in Ireland (8)
9 Not the practice of the Circle Line? (6)
10 Bill, with firm new deal, wins honour (8)
12 Old ships' barbers (8)
13 Tenders for boxes that do not open (6)
15 Common grub is heat-seeking inside (4)
16 Where to rest in the bay? (6-4)
19 Skipper, we hear, is no light traveller (3-2-5)
20 Stop and check! (4)
23 Bell-ringing is damaging to the system, from the sound of it (6)
25 Robbery not necessarily unibrachial? (8)
27 Attacking and winning (8)
28 A cough mixture up in Argentina? (6)
29 Strained puddings sent back (8)
30 The last carriage from here, say, to Kent? (6)

DOWN

1 Diplomat has to stick to the point (7)
2 Mercy! this concoction stinks! (9)
3 A French epitaph is to the point, but not yet ready (6)
5 This Roman king a bumpkin? (4)
6 Grouse of bird supporting Othello? (4-4)
7 Ring wise man of N. American Indian tribe (5)
8 Israeli diet? (7)
11 Wind in middle of new pier? That is plain! (7)
14 Statesman from Boise, for example (7)
17 Brake in secret at a scramble (6-3)
18 Jabbers in the clinic – about rings, yes? (8)
19 Generators of the far south, turning (7)
21 Early staff-dance around here? (7)
22 Imagine being included in side at Edgbaston! (6)
24 Calamitous upset – time lost in smoke! (5)
26 Opening of fairy-story is unrepeatable! (4)

Solution to Puzzle No.8,097



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar 9	Mar 8	Mar 5	Mar 4	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3472.12	3468.42	3404.58	3398.91	3472.12 (9/3/93)	3136.58 (9/10/92)	3472.12 (9/3/93)	41.22 (2/7/32)
Home Bonds	106.15	106.10	105.95	106.29	106.29 (4/3/93)	98.41 (20/3/92)	106.29 (4/3/93)	54.99 (1/10/81)
Transport	1571.89	1562.82	1538.45	1520.11	1589.61 (8/2/93)	1204.40 (26/8/92)	1589.61 (8/2/93)	12.32 (8/7/32)
Utilities	240.80	241.30	238.73	241.30	241.61 (3/3/93)	209.74 (8/4/92)	241.61 (3/3/93)	10.50 (8/4/32)

DJ Ind. Day's High 3495.63 (3478.99) Low 3443.76 (3401.34) (Theoretical♦)
Day's High 3483.12 (3470.77) Low 3462.87 (3404.58) (Actual♦)

STANDARD AND POOR'S	Mar 9	Mar 8	Mar 5	Mar 4	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	454.40	454.71	446.11	447.34	454.71 (8/3/93)	394.50 (8/4/92)	454.71 (8/3/93)	4.40 (1/6/32)
Industrials	522.76	523.64	513.29	513.84	523.64 (8/3/93)	470.91 (8/4/92)	523.64 (8/3/93)	3.62 (21/6/32)
Financial	44.94	44.40	43.40	43.63	44.94 (9/3/93)	32.40 (8/4/92)	44.94 (9/3/93)	8.64 (1/10/74)
NYSE Composite	250.21	250.15	245.99	246.53	250.20 (9/3/93)	217.92 (8/4/92)	250.21 (9/3/93)	4.46 (25/4/42)
Amex Mkt. Value	419.02	416.73	413.88	412.84	419.02 (9/3/93)	364.85 (9/10/92)	419.02 (9/3/93)	29.31 (9/12/72)
NASDAQ Composite	688.96	687.23	681.37	680.73	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Mar 5	Feb 26	Feb 19	year ago (approx.)
Dow Industrial Div. Yield	2.89	3.02	3.07	2.84
	Mar 3	Feb 24	Feb 17	year ago (approx.)
S & P Industrial div. yield	2.48	2.53	2.55	2.61
S & P Indl. P/E ratio	26.18	26.88	26.51	28.61

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Payless	8,879,100	14½	...
Amer Express	5,240,000	28	+ 1¼
Philip Morris	3,086,100	64	+ ⅞
Citicorp	3,080,500	27⅞	+ ⅞
Humana	3,047,700	7½	+ ⅝
RJR Nabisco	2,834,900	8¼	+ ¼
Telefonos	2,773,500	53⅝	+ ¼
Imcera	2,763,800	26¼	- 4¼
Tucson	2,733,400	3	+ ⅛
Wal-Mart	2,683,800	34	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 9	Mar 8	Mar 5
New York SE	290.120	274.580	247.130
Amex	14.660	14.379	14.198
NASDAQ	(u)	219.943	214.200
NYSE			
Issues Traded	2,487	2,500	2,484
Rises	1,094	1,513	912
Falls	847	502	958
Unchanged	546	485	614
New Highs	257	256	139
New Lows	16	13	9

CANADA

TORONTO	Mar 9	Mar 8	Mar 5	Mar 4	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2909.45	2895.99	2819.55	2815.09	3238.87 (16/1/92)	2520.91 (17/11/92)
Composite	3553.21	3551.04	3524.49	3501.39	3666.00 (16/1/92)	3195.49 (14/10/92)
MONTREAL Portfolio	1835.35	1834.13	1818.03	1801.10	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Mar 10	Mar 9	Mar 8	Mar 5	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1647.5	1633.4	1617.1	1613.6	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	640.1	636.0	630.5	625.0	728.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	353.32	357.78	358.52	357.54	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	846.70	855.97	854.75	858.31	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1247.71	1236.12	1227.85	1220.19	1247.71 (10/3/93)	1048.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	283.45	283.71	283.30	282.09	385.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	996.1	982.1	992.7	1004.6	1004.60 (5/3/93)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	533.22	533.30	530.94	531.41	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1992.42	2009.69	2004.26	1995.12	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	675.70	673.93	666.53	667.42	725.25 (26/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1906.10	1898.20	1878.50	1881.50	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1709.68	1713.13	1694.82	1692.82	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	6488.46	6508.0	6482.16	6502.81	6508.00 (9/3/93)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1405.68	1397.43	1373.47	1355.60	1469.57 (17/1/92)	1094.86 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	516.85	511.02	528.13	535.47	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	1141.0	1128.0	1165.0	1182.0	1186.00 (2/3/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	17858.63	17848.30	17686.47	16817.70	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1341.88	1339.77	1320.90	1288.31	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1687.54	1683.71	1671.98	1650.76	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	637.37	631.79	637.93	638.34	660.35 (5/11/92)	546.83 (14/1/92)
NETHERLANDS						
CBS Tt.Rtn.Gen.(End 1983)	327.4	325.6	323.5	322.0	327.40 (10/3/93)	274.00 (8/1/92)
CBS All Shr (End 1983)	220.3	219.1	217.7	216.7	220.30 (10/3/93)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	768.28	759.58	743.09	727.44	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1529.82	1529.50	1527.48	1543.15	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	420.55	419.62	419.80	419.87	421.27 (24/2/93)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	1002.0♥	1013.0	998.0	993.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4464.0♥	4449.0	4421.0	4406.0	4689.00 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	626.23	625.62	615.57	708.77 (9/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	240.35	241.14	240.54	238.52	265.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1028.50	1033.70	1039.00	1031.30	1039.00 (8/3/93)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	948.2	942.6	934.0	933.6	948.20 (10/3/93)	748.50 (8/1/92)
SBC General (1/4/87)	731.3	728.4	723.6	723.8	731.30 (10/3/93)	596.40 (25/8/92)
TAIWAN**						
Weighted Price (30/6/66)	4474.40	4474.47	4801.58	4731.85	5391.63 (30/1/92)	3088.43 (8/1/93)
THAILAND						
Bangkok SET (30/4/75)	900.07	883.71	(c)	888.74	996.44 (25/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	523.1*	524.1	523.0	512.5	542.10 (7/1/92)	487.50 (8/4/92)
Euro Top-100 (26/6/90)	952.32	950.21	950.71	946.94	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday March 6: Taiwan Weighted Price 4,723.68, Korea Comp Ex. 605.93
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000. JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

Total Sales 20,794,400 shares

TOKYO - Most Active Stocks

Wednesday, March 10, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Isuzu Motor	23.8m	395	-7	Ricoh	11.2m	584	-12
Nippon Steel	17.8m	318	+1	Fujitsu	9.2m	605	+17
NEC Corp	15.3m	777	+10	Daikyo Kanko	8.0m	995	+35
Nikko Kyodo	11.9m	437	-30	Tokyu Land	6.8m	482	+22
Kokusai Elec	11.3m	892	-4	NKK	6.8m	271	+6

4 pm close March 10

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992/93 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	10¼	AAR Corp	0.48	3.7	24	114	13¼	13	13⅛	
28½	18	A L Labs A	0.18	0.8	146	858	23½	22¼	23½	+1⅜
68¾	52⅝	AMP Inc	1.60	2.7	21	1160	60	59½	60	+⅜
80¼	54⅜	AMR			9	3239	60¾	58¾	59⅞	-1
2⅜	1⅜	ARX			11	111	1⅞	1⅞	1⅞	+⅛
53½	29⅞	ASA	2.00	5.5	23	380	36⅜	36⅛	36⅛	-⅜
34¼	22⅝	Abbott Lab	0.60	2.3	17	17678	26½	25⅜	26⅜	+1
13⅞	10¼	Abitibi Pr	0.50	4.6	3	30	11	10⅞	10⅞	+⅛
11⅝	10⅛	ACM Gvt In x	0.96	8.7		313	11⅛	11	11	-⅛
10⅜	9	ACM GvOpp x	0.78	8.2		146	9⅝	9½	9⅝	+¼
9¾	8½	ACM Gvt Sp x	0.79	8.4		191	9½	9⅜	9⅜	-⅛
11⅜	9⅞	ACM Gvt Se	0.96	8.5		360	u11⅜	11¼	11¼	-⅛
10⅞	8⅝	ACM Man x	1.08	10.0		305	10¾	10⅝	10¾	+⅛
12⅞	8⅝	ACM Managd x	0.78	8.5		151	9¼	9⅛	9⅛	
11¾	4¾	Acme Cleve	0.40	5.1	16	45	8⅛	7⅞	7⅞	-⅛
9¼	3¾	Acme Elect			650	33	6⅝	6½	6½	-⅛
33¼	12⅛	Acuson			12	397	13	12⅞	13	-⅛
22¼	18⅛	Adams Expr	0.48	2.3	1	88	21⅜	21¼	21¼	
52½	29½	Ad Micro	3.00	5.8		1108	51¾	51⅛	51¾	+⅛
24⅛	7½	Ad Micro P	3.00	12.6	9	4631	23¾	23⅜	23¾	+⅛
9⅛	4⅞	Advest Grp	0.16	2.1	15	15	7½	7⅜	7½	
47⅝	33	Aegon ADR	1.35	2.8	8	57	47½	47⅜	47½	+¼
53¾	38	Aetna Lf	2.76	5.7	972	1956	49⅛	48⅛	48⅝	-½
14½	8⅜	Afil A	0.24	1.9	30	881	12½	12¼	12⅜	
38⅞	24	Aflac	0.44	1.3	15	1317	35½	34⅞	34⅞	-½
22⅛	13	Ahmanson	0.88	4.2	10	2341	21⅛	20⅞	21	+⅛
22½	4	Aileen Inc			22	80	6½	6⅜	6⅜	-⅛
49½	36½	Air Pr Chm	0.88	1.9	18	1296	48	45¾	48	+⅛
29¾	12½	Airborne Frt	0.30	1.3	193	404	23¼	22⅞	23¼	+¼
24¼	11¼	Airgas Inc			33	178	u24¼	24	24⅛	+¼
12⅜	8⅛	Airlease	1.60	13.2	10	82	12⅛	11⅞	12⅛	+⅛
104	99	AlaPw8.16 x	8.16	8.0		z100	103¼	102½	102½	
105½	100¼	Alab 8.28C x	8.28	7.8		2u	105½	105½	105½	
23⅞	14¾	Alaska Air	0.20	1.2	2	875	16½	16⅛	16½	
21¼	11¼	Albany Int	0.35	2.3	140	498	15½	15⅛	15½	-⅛
32	21¼	AlCulwr B	0.26	1.0	19	151	26	25⅜	26	+⅛
25¾	19⅝	AlCulwr A	0.26	1.1	18	27	24	23¾	24	
55¾	36¾	Albertsons	0.64	1.2	25	3773	54⅝	53½	54⅛	-⅞
22¾	15¼	Alcan Alum	0.30	1.6	32	3920	19½	19¼	19¼	-¼

- A -

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NYSE COMPOSITE PRICES

Continued from previous page

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NASDAQ NATIONAL MARKET

4 pm close March 10

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
DauphinDp	0.80	13	189	u27¾	25¾	27	+1
Deb Shops	0.20	17	8	8¼	8	8	-¼
Dekalb En	0.22	1	247	12⅞	12¼	12⅞	+⅜
Dekalb Ge	0.80	20	41	33¾	31¾	32	-¼
Delchamps	0.44	16	50	27¼	26½	26¾	+¼
Dell Comp		16	27172	37⅜	35¼	36½	+1½
Dep Gty	0.88	12	221	30¼	29½	29½	-¾
Devcon	0.20	22	2	9¾	9	9⅝	+⅝
DH Tech		11	27	13¼	12¾	12¾	-½
Dibrell B	0.60	13	316	36	35	35⅝	+⅝
Digi Intl		27	1736	24½	23½	24½	+½
Dig Micro		4	481	8⅛	8¼	8¾	
Dig Sound		21	118	2⅞	2⅝	2⅝	-⅛
Dig Syst		12	233	8	7¼	7⅜	-⅜
Dionex Cp		20	228	40¼	38¾	39¾	-1
Dixie Yrn x	0.20	22	430	15	14	14⅞	+⅞
DNA Plant		5	839	5⅝	5⅜	5⅝	-¼
Dollar Gn	0.16	30	3352	27¾	26¾	27¾	-½
Dom Bkshs	0.44	55	861	u27¼	26⅞	27	
Dorch Htn	0.32	68	25	12½	12	12¼	+⅛
DreadEngy		16	69	17¼	16½	16½	-¼
DreyesGrm		21	436	20	19	19	-1
Drey GD	0.24	25	188	24¼	23½	24¼	+¾
Drug Empo	0.08	7	718	4¼	4	4	-¼
DS Bancor	1.08	10	16	19½	18¾	18	-¾
Durlron	0.60	22	645	23¼	22½	23	
Durr Fill	0.30	24	8	33¼	32¾	32¾	
DynamtyCl		9	30	2¼	d2	2	
Dynatech		19	469	30¼	29¾	30¼	+¼

- E -

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- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss		19	305	u26½	25½	26½	+½
Kaman Cp	0.44	12	198	12	11⅝	11¾	-⅛
Karcher C	0.08	12	972	8⅝	8⅛	8½	+⅛
Kaydon Cp	0.36	19	118	30¼	29½	29½	
KelleyOil		81	401	9	8⅝	9	
Kelly Sv	0.76	32	53	43	42¼	42¾	+½
KenContrl	0.44	2	486	4	3⅞	4	+¼
Kentucky	0.11	6	42	11	10	10¼	+¼
Kimball	0.76	19	128	u32¾	31½	31½	-1
Kirschner		10	3	7¼	7¼	7¼	
KLA Instr		17	2013	14⅝	14	14¼	-⅜
Knowledge		25	826	12	11	11	-¾
Komag Inc		39	1285	u24	23¼	23¼	-¾
Kulicke S		9	4620	u13	11¼	13	+1½

- L -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
LDDS A		32	2212	35¾	35¼	35¼	
La Petite		17	342	9⅝	9½	9½	
Ladd Furn x	0.12	60	321	14½	14	14½	+¼
Lam Rsch		34	1798	29½	28¾	28⅞	-⅝
Lancaster	0.66	20	1562	u48¼	47	48	-½
Lance Inc	0.96	18	131	24	23	23½	+½
LandmkGph		14	1096	16	16½	16½	
Laserscpe		8	494	4⅜	3⅞	4	+⅛
Lattice S		24	668	30¾	30⅜	30⅜	+¼
Lawson Pr	0.40	26	189	29½	28¾	29½	
LDI Cp		5	67	6¾	6¼	6¾	+¼

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AMEX COMPOSITE PRICES

4 pm close March 10

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FINANCIAL TIMES

AMERICA

US markets ease on large program trades

Wall Street

US stock markets ran into profit-taking yesterday, and the selling dragged the main indices down from their record highs, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 15.66 at 3,456.46. The more broadly based Standard & Poor's 500 was 1.02 lower at 453.38, while the Amex composite was up 0.03 at 419.05, and the Nasdaq composite firmed 0.50 at 689.46. NYSE trading volume was 153m shares by 1 pm, and declines outnumbered rises by 985 to 796.

After reaching record levels during the first two days of the week, stock prices were hit by concerted selling yesterday. Traders reported that an early decline in bond prices triggered the sell-off, although the likely motive was an eagerness among investors to book some of the profits earned earlier in the week. Among the selling, a number of sizeable program trades were spotted.

No important new economic figures were released yesterday, although the Federal Reserve's "Beige Book" report on the state of the economy nationwide showed that business activity continued to pick up in the first two months of the year, in spite of sluggish loan demand and continued weakness in some regional economies – notably in the North East and California. Retail sales were reported up during the period, and manufacturing growth steady.

Among individual stocks, Walt Disney was the most heavily traded issue of the day, the stock dropping $1¼ to $44¼ after a seller offloaded at $44 a large block of shares – 2.8m in all. There was no indication as to who had sold the stake, or why.

Drug stocks were in demand as investors searched for bargains in a sector which has been hit hard recently by speculation that President Clinton plans to impose price controls on pharmaceutical products as part of his healthcare reforms. Merck rose $1¼ to $39⅞ in volume of 1.8m shares, Pfizer added $2¼ at $62, Schering Plough firmed $1⅛ to $60⅞, Bristol-Myers Squibb climbed $¾ to $57⅞ and Glaxo rose $⅜ to $19¾.

The news that Primerica is negotiating to buy the Shearson brokerage business from American Express continued to boost the financial services group's stock. Primerica was up $2 at $46⅞ in volume of more than 1m shares. American Express, however, fell $⅝ to $27⅛, having originally risen on news of the proposed deal.

Genesis Health jumped $1⅝ to $14¾ after an analyst at the securities house, Merrill Lynch, raised the firm's short-term rating on the stock from "above average" to "buy" and named the company its pick of the week.

On the Nasdaq market, Biosurface Technologies plunged $2⅝ to $5¾ after the company revealed that it had suspended a clinical trial of its Anticel product, a dressing used for donor site wounds.

Canada

TORONTO edged lower in thin dealings as the market paused after six straight sessions of gains. At midday, the TSE 300 index was 9.91 lower at 3,542.80 in volume of 25.5m shares.

Weakness in bullion prices weighed on Canadian gold producers, including American Barrick, which slid C$⅜ to C$21⅝, and Placer Dome, down C$¼ at C$16⅜. Shell Canada rose C$⅝ to C$36¼ as its C$1bn Caroline, Alberta project began producing natural gas

EUROPE

Dutch rate cut provides some support

INTEREST rate cuts by the Dutch and Belgium central banks gave some support to late closing markets, *writes Our Markets Staff.*

FRANKFURT showed mid-session strength on firmer bond prices, the DAX index registering an intraday high of 1,717.02, closed 3.45 lower at 1,709.68, but regained some of its vigour in the post-bourse. Turnover eased from DM8.2bn to DM7.8bn.

For a good part of the day, the market was dominated by chemicals where Bayer dropped DM4.50 to DM277 ahead of today's dividend decision, and after this week's dividend cuts from BASF and Hoechst.

BASF is paying DM1 more than expected, at DM10, and Hoechst DM1 less than some analysts hoped at DM9. This suggested that investors had been taking a simplistic view of dividend prospects for the sector, where dividend decisions are taken by reference to earnings of the German parent company.

Bayer clawed back DM2 of its fall in the London afternoon, but Deutsche Bank did better with a post-bourse close of DM728 against a session rise of DM1.50 to DM723. Ms Barbara Schumacher, of Merck Fink in Düsseldorf, noted that Deutsche was the laggard bank with a rise of just 20 per cent from its low of last September, compared with a gain of 34 per cent for Commerzbank over the same period.

AMSTERDAM was also interested in chemicals with DSM continuing to surprise. The shares closed at a year's high, up Fl 4.90 or some 6 per cent at Fl 83.40, having gained 14 per cent since the group announced disappointing 1992 results last week. Some analysts commented that that the momentum in the price may have begun with short covering while investors may be more optimistic about long-term prospects. Akzo rose Fl 2.10 to Fl 154.50. The CBS Tendency index put on 1.70 to finish at 105.40.

The rate cuts had been anticipated but financial stocks were nonetheless given a late lift, with Aegon rising Fl 1.90 to Fl 89.30 and ABN Amro Fl 1.40 to Fl 55.40.

Hunter Douglas, Fl 2.60 stronger at Fl 42.50, was helped partly by relief that the dividend was cut less than forecasts.

PARIS had been riding the 2,000 level until just before the close when technical trading saw the CAC-40 index dip 17.20 to 1,992.42. Turnover was some FFr3.4bn.

Lafarge pleased the market following better than expected 1992 results and the shares moved FFr7.50 higher to FFr357.50, but off a day's high of FFr364.90. Chargeurs gained FFr26 to FFr1,281 after announcing that it will consolidate BSkyB in next year's results which may help it reduce its tax charge.

BRUSSELS rose strongly anticipating the cut in interest rates which came after the close and the Bel-20 index gained 11.59 to 1,247.71 in turnover of some BFr2.1bn.

MILAN allowed the dust to settle on political events and shares picked up as the market concentrated on today's options expiry and the end of the monthly account next week. The Comit index rose 5.63 to 516.65.

Montedison, spurred by a newspaper report that the sale of its Erbamont subsidiary to Sweden's Kabi Pharmacia was imminent, gained L32 to fix at L1,297 before rising to L1,312 after hours – 3.7 per cent higher on the day. Montedison's parent Ferruzzi denied that final terms were about to be announced but confirmed that negotiations were at an advanced stage.

Blue chips picked up from some early declines after the Christian Democrats promised to support Prime Minister Giuliano Amato. Fiat dipped L38 to fix at L5,651 before bouncing back to L5,715 after hours.

ZURICH turned firmer after bargain hunters entered the market, lifting cyclical stocks which had earlier suffered from profit-taking. The SMI index rose 5.9 to 2,157.2.

Banks, however, were mostly easier after Swiss Bank announced results that were below expectations and were unfavourably compared with the two other leading banks which posted higher profits for 1992.

SBC and UBS were each SFr4 lower at SFr356 and SFr1,170 respectively but CS Holding managed a SFr10 advance to SFr2,240.

STOCKHOLM saw a short-lived pre-lunch rally before prices settled back as investors awaited a crop of company results, some expected to be gloomy, today. The Affärsvärlden general index shed 5.2 to 1,033.7.

Hennes and Mauritz proved an exception, climbing SKr28 or 16 per cent to SKr208 in brisk trade after Tuesday's 62 per cent profits growth.

FT-SE Actuaries Share Indices

March 10 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1164.68	1164.67	1165.53	1166.44	1165.76	1166.84	1166.79	1167.52
FT-SE Eurotrack 200	1233.33	1233.07	1231.91	1232.45	1232.13	1232.87	1232.36	1231.96

	Mar 9	Mar 8	Mar 5	Mar 4	Mar 3
FT-SE Eurotrack 100	1164.26	1165.04	1159.70	1156.15	1158.99
FT-SE Eurotrack 200	1230.72	1228.32	1225.29	1216.30	1221.03

Base value 1000 (26/10/90) Highday: 100 - 1167.98; 200 - 1234.53 Lowday: 100 - 1164.19 200 - 1231.29.

ASIA PACIFIC

Australia advances to an eight-month high

Tokyo

ACTIVE buying by foreign investors supported share prices in the face of profit-taking by investment trusts, and the Nikkei average finished narrowly higher in heavy trading, *writes Emiko Terazono in Tokyo.*

The Nikkei gained 10.33 at 17,858.63 after registering a low for the day of 17,824.12 and high of 18,036.72. The index failed to stay above the 18,000 level due to profit-taking by investment trusts and corporate investors eager to realise profits ahead of the March financial year-end.

Volume contracted to 550m shares from 853m. Declines finally led advances by 577 to 430, with 163 issues unchanged. The Topix index of all first section stocks ended 2.11 up at 1,341.88, and in London the ISE/Nikkei 50 index firmed 1.12 to 1,080.78.

Foreign investors were seen covering short positions. Traders said some US pension funds were increasing their investments in Japanese shares, which are seen as undervalued following the recent rallies in US and UK equities.

Nippon Telegraph and Telephone, which has led the recent market rally, met profit-taking in early trading but was supported by dealers and finished Y10,000 higher at Y790,000.

NEC appreciated Y10 to Y777 on hopes that the company will see a rise in sales as a result of the government's promotion of optical fibre networks in its infrastructure projects.

Reports that condominium sales were rising in the Tokyo metropolitan area helped builders, with Daikyo, the leading property developer, advancing Y35 to Y995. Shokusan Jutaku Sogo rose Y11 to Y520 and Taisei Prefab Construction Y50 to Y1,750. Some real estate companies were also higher, Mitsui Fudosan putting on Y20 at Y1,070 and Tokyu Land Y22 at Y482.

Some high-technology exporters gained ground on the stronger dollar. Sony rose Y30 to Y4,130 and Fujitsu Y17 to Y605. However, Hitachi lost Y7 to Y740 and Toshiba eased Y2 to Y588 on profit-taking.

Brokers moved ahead in the expectation that the recent market rally and rise in trading volume will help revenues. Nomura Securities rose Y40 to Y1,640 and Nikko Y8 to Y713.

In Osaka, the OSE average receded 27.90 to 18,765.54 in volume of 132.8m shares. A retreat by railway issues depressed the index, and Shimano, the bicycle parts maker, slipped Y200 to Y10,000.

Roundup

PACIFIC Rim markets mostly set a positive tone. Seoul was closed for a holiday.

AUSTRALIA closed at an eight-month peak, pushed up by strong futures buying. On the Sydney Futures Exchange, the March Share Price Index jumped 22 to 1,669, moved by a feeling that the market would strengthen after Saturday's federal election. The All Ordinaries index followed, finishing 13.8 higher at 1,647.5. Turnover came to A$325.8m.

The gold shares index defied the uptrend to lose 2.8 to 1,063.2 after bullion prices hit a seven-year low overnight.

Among banks, NAB climbed 13 cents to A$8.58 and Commonwealth advanced 9 cents to A$7.49, but Westpac closed only a cent higher at A$3.20 after Tuesday's unveiling of its first foreign rationalisation plans under its new managing director, Mr Robert Joss.

BANGKOK's SET index rose 16.36, or 1.9 per cent, to 900.07 in a technical rebound from recent declines. Turnover was still relatively low, although up from Bt2.5bn to Bt3.5bn.

Banking stocks were among the major gainers, Bangkok Bank, the most active issue in turnover terms, firming Bt4 to Bt119. Industrial Finance Corp of Thailand moved forward Bt24 to Bt362 on details of plans to rescue the failed First City Investment.

SINGAPORE rose on last-minute buying, the Straits Times Industrial index ending 10.24 better at 1,667.96. Trading interest in main board shares continued to be meagre, with the focus on Malaysian over-the-counter stocks.

KUALA LUMPUR recovered from a bout of profit-taking to close mixed in heavy trading. The KLSE composite index put on 5.58 at 637.37 on the back of the market heavyweight, Telekom, 40 sen higher at M$12.70.

JAKARTA remained in confident mood and the official index rose 1.70 to 311.78. Among active stocks, Pan Brothers added Rp150 at Rp2,375 but Lippo dipped Rp50 to Rp3,325.

BOMBAY continued under pressure which left the BSE index down 49.81, or 2.1 per cent, at 2,387.15. As the market opened, the exchange halted trading in 17 group A shares to prevent more of the price swings seen on Tuesday.

Politics, economics raise Hong Kong to new peaks

Simon Holberton analyses a resurgent equity boom

This week, Hong Kong has consolidated the irresistible rise which, since the beginning of 1992, has made it the best performing major stock market in the world.

Yesterday's marginal fall in the blue chip Hang Seng index of 19.54, or 0.3 per cent, to 6,488.46 left it 23 points off the day's peak, but this followed three record highs for the market in four trading days.

Brokers have dusted off year-end forecasts which, because of the political woes then besetting the colony, had been in abeyance since the beginning of 1993. They are now looking at a year-end level of 7,500 to 8,000 for the Hang Seng index.

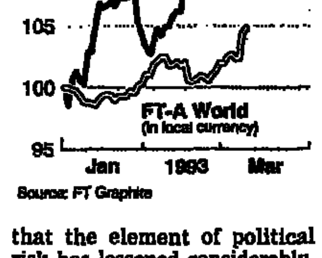
What a difference a few months can make. At the start of December, the overwhelming mood was to sell Hong Kong. China had threatened the safety of business contracts which span Hong Kong's reversion to Chinese sovereignty in 1997; on December 3 the market plunged 8 per cent. The Hang Seng index now stands 30 per cent higher.

Short memories are part of the lore of the Hong Kong market. But, paradoxically, the most accurate assessment during those dark days came from the unlikeliest of quarters: Governor Chris Patten, the man whose "democracy" proposals so upset China, and the man financial markets like to hate most. The governor said that few made money selling Hong Kong short.

So what has changed? Has the market's recent performance been a reassertion of economics over politics? Or has the recent thaw in Anglo-Chinese relations been the motive force behind the market's relentless upward move?

As with most things in life, it is a bit of both. Even to the most unreconstructed bull it seems unlikely that the Hong Kong market could have risen so strongly had China not decided to come back to the negotiating table about the colony's political development.

The market senses an Anglo-Chinese deal in the making and, although it could yet be disappointed, it has decided



Source: FT Graphite

that the element of political risk has lessened considerably. And it has put its money where its judgment lies.

Four months ago, the market was trading on a prospective p/e of just above 8 times 1993 earnings; the multiple is now more than 11 – close to the upper end of its traditional prospective p/e range of 8 to 13.

There is also evidence in plenty for the economic approach. China's economy expanded by nearly 13 per cent in real terms last year, and the region closest to Hong Kong, namely Guangdong province, by much more than that. The growth rate may slow this year but that is being taken as a reassuring sign by the market, which fears a re-run of 1988/89 when China's government screwed down the economy too hard.

As for Hong Kong, it grew by 5 per cent last year. The government thinks that growth will accelerate to 5.5 per cent this year, while many private forecasters plump for 6 per cent. Corporate earnings reports have also been encouraging.

The initial clutch of results have underlined the profitability of banking. The banks – and Hongkong and Shanghai Banking is still to come – have reported earnings growth of 30 to 40 per cent.

Analysts also note other positive factors. There is a growing recognition that the US yield curve is likely to remain flat this year. As Hong Kong's interest rates are tied to US rates, by virtue of the colony's currency union with America, domestic rates are expected to remain at their currently low level of 6.5 per cent.

With the results season only half way spent, the possibility for upsets remains. The conglomerates – Jardine, Swire and Hutchison – are still to come, as are the property developers. The outlook for these sectors is mixed.

And then there is politics. In November, as the market rose in defiance of China's attacks on Mr Patten, there was a lot of talk about the decoupling of politics from economic fundamentals. December gave the lie to that when China decided it wanted the market lower. When Anglo-Chinese negotiations about Hong Kong's politics finally get going, China may decide again that it is in its interests for the market to fall.

SOUTH AFRICA

JOHANNESBURG was mixed, with De Beers easing on profit-taking following Tuesday's results. The shares lost 85 cents to R68 as the overall index shed 5 to 3,419 and industrials gained 14 at 4,463. The gold index fell 11 to 1,002.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 9 1993								MONDAY MARCH 8 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	134.83	+0.6	139.31	100.02	116.89	127.68	+1.1	3.85	133.97	137.40	98.74	115.79	126.30	153.68	108.18	144.71
Austria (18)	148.72	+0.1	153.65	110.32	128.93	128.72	+0.3	1.74	148.63	152.45	109.55	128.47	128.34	186.70	131.16	172.05
Belgium (42)	142.99	+0.3	147.73	106.06	123.96	121.30	+0.7	4.96	142.62	146.27	105.11	123.26	120.46	152.27	131.19	136.16
Canada (113)	123.82	+0.0	127.93	91.84	107.34	111.67	+0.2	3.00	123.78	126.95	91.23	106.98	111.45	142.12	111.36	132.44
Denmark (33)	203.22	+0.1	209.96	150.75	176.18	176.69	+0.3	1.30	203.07	208.28	149.67	175.52	176.14	275.94	181.70	239.46
Finland (23)	73.29	−1.6	75.72	54.37	63.64	92.59	−0.9	1.37	74.46	76.39	54.90	64.38	93.47	89.80	52.84	79.30
France (98)	157.61	−0.1	162.83	116.90	136.62	139.81	+0.3	3.21	157.72	161.77	116.24	136.31	139.35	168.75	136.93	154.43
Germany (62)	113.37	+0.8	117.13	84.11	98.28	98.28	+1.1	2.33	112.51	115.40	82.94	97.25	97.25	129.69	101.59	118.61
Hong Kong (55)	261.18	+0.4	269.84	193.74	226.44	259.25	+0.4	3.54	260.20	266.87	191.78	224.91	258.28	262.28	176.36	204.40
Ireland (16)	142.99	+2.2	147.73	106.07	123.96	138.14	+2.6	3.60	139.90	143.49	103.11	120.92	134.80	173.71	122.98	159.72
Italy (73)	59.07	−5.5	61.03	43.81	51.21	70.96	−3.6	2.84	62.48	64.09	46.05	54.00	73.59	80.86	47.47	71.02
Japan (472)	114.61	+0.9	118.41	85.01	99.37	85.01	+1.6	0.98	113.57	116.48	83.71	98.17	83.71	140.95	87.27	110.72
Malaysia (69)	277.82	−0.5	287.04	206.08	240.85	279.86	−0.5	2.35	279.28	286.45	205.83	241.38	281.38	282.42	212.49	239.11
Mexico (18)	1546.89	+0.8	1598.19	1147.47	1341.05	5253.15	+0.9	1.14	1534.49	1573.86	1130.99	1326.31	5204.32	1789.77	1186.84	1683.35
Netherland (25)	163.09	+0.2	168.50	120.98	141.39	139.50	+0.6	4.05	162.70	166.88	119.92	140.63	136.68	169.70	147.88	149.61
New Zealand (13)	46.26	+1.0	47.79	34.32	40.10	46.48	+0.6	4.70	45.82	46.99	33.77	39.60	46.22	48.52	37.39	45.44
Norway (22)	145.37	+1.4	150.19	107.83	126.03	139.84	+2.1	1.89	143.35	147.03	105.66	123.91	137.03	192.95	128.05	163.50
Singapore (38)	221.47	−0.2	228.82	164.29	192.00	167.89	−0.3	1.97	221.87	227.56	163.53	191.76	168.39	229.63	179.65	202.95
South Africa (60)	165.65	+1.1	171.15	122.88	143.60	165.83	+1.2	3.04	163.80	168.01	120.73	141.58	163.80	263.60	134.21	217.11
Spain (46)	127.26	−0.7	131.48	94.40	110.32	114.53	−0.1	5.26	128.18	131.47	94.48	110.79	114.83	161.72	107.10	154.69
Sweden (36)	167.18	−1.0	172.72	124.01	144.94	188.77	−0.9	2.05	168.80	173.13	124.42	145.91	190.42	200.28	149.69	181.80
Switzerland (56)	111.94	+0.4	115.65	83.04	97.06	107.08	+0.8	2.02	111.46	114.32	82.16	96.35	106.28	122.37	95.99	97.37
United Kingdom (226)	170.54	−1.0	176.19	126.49	147.83	176.19	−0.2	4.16	172.19	176.61	126.90	148.82	176.61	200.07	161.86	176.49
USA (523)	185.42	+0.0	191.57	137.55	160.76	185.42	+0.0	2.73	185.51	190.27	136.74	160.35	185.51	185.51	160.92	166.32
Europe (776)	140.33	−0.5	144.99	104.10	121.66	134.80	+0.0	3.46	141.10	144.72	104.00	121.96	134.76	156.88	131.31	143.93
Nordic (114)	153.52	−0.6	158.61	113.88	133.09	153.15	−0.4	1.80	154.48	158.44	113.86	133.52	153.78	186.52	141.24	173.34
Pacific Basin (715)	120.00	+0.8	123.98	89.02	104.04	91.52	+1.4	1.31	119.01	122.06	87.72	102.87	90.25	141.97	93.70	114.91
Euro – Pacific (1491)	128.20	+0.2	132.45	95.09	111.14	108.70	+0.8	2.27	127.93	131.21	94.28	110.56	107.85	145.21	113.80	126.77
North America (636)	181.60	+0.0	187.62	134.72	157.46	180.42	+0.0	2.74	181.67	186.34	133.92	157.05	180.49	181.67	158.70	164.17
Europe Ex. UK (550)	121.56	−0.3	125.59	90.19	105.40	111.79	+0.2	2.99	121.87	125.00	89.84	105.36	111.55	132.98	111.33	124.02
Pacific Ex. Japan (243)	172.94	+0.3	178.67	128.30	149.94	158.87	+0.4	3.39	172.39	176.81	127.08	149.02	158.19	175.31	146.06	156.32
World Ex. US (1682)	129.31	+0.2	133.60	95.93	112.11	110.70	+0.8	2.29	129.02	132.33	95.10	111.52	109.84	146.91	115.99	128.95
World Ex. UK (1979)	145.00	+0.2	149.81	107.57	125.72	129.50	+0.5	2.29	144.67	148.38	106.63	125.05	128.85	150.58	127.21	137.17
World Ex. So. Af. (2145)	147.22	+0.1	152.11	109.22	127.64	133.28	+0.4	2.47	147.07	150.84	108.41	127.13	132.72	153.05	130.04	140.11
World Ex. Japan (1733)	165.90	−0.2	171.40	123.07	143.86	162.00	+0.0	3.01	166.18	170.44	122.49	143.66	161.94	166.18	151.93	157.66
The World Index (2206)	147.24	+0.1	152.12	109.22	127.65	133.81	+0.4	2.48	147.07	150.85	108.40	127.13	133.03	153.70	130.66	140.59

Latest prices were unavailable for this edition.